

**CREDIT  
and**

# FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ **MAR 25 1953** **COMMERCE**

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**SELLING CREDIT IS THEIR MISSION**

*Story on Pages 5, 14*

**It's Form That Counts in Picking Winner  
In Competitive Race for Marginal Account**

**Keys to Credit Management: A Good Plan,  
Direction, Grounding in Finance and Sales**

**Playing Fast and Loose with Insurance Is  
Way to Lose Buyer's Business—And Yours**

**First Step in Proving Need and Benefits  
Of Training Is: Convince Top Executives**

**APRIL, 1953**

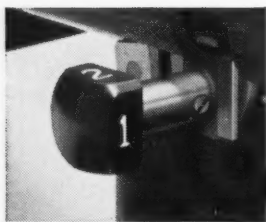
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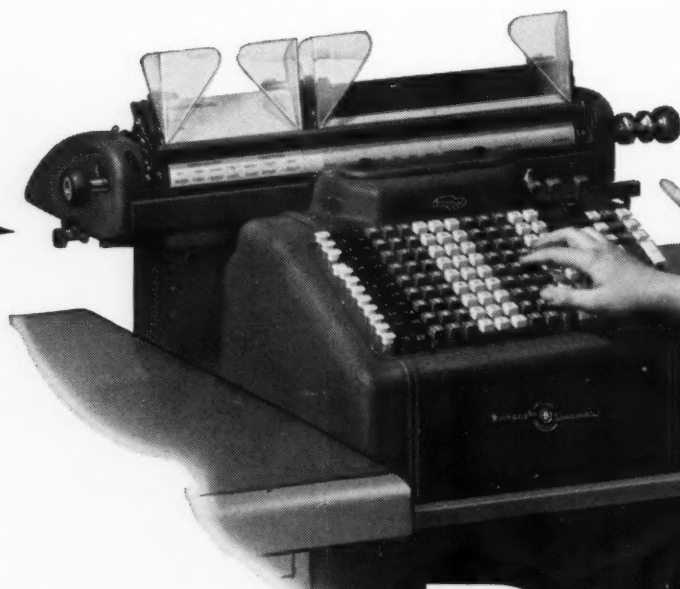
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WHEREVER THERE'S BUSINESS THERE'S



# Year's report of a Company Built on Friendship

AT this time of year The Home Insurance Company reports on its activities of the previous year. The figures, the numbers, the dollars and cents have been summed up. They show the financial position of the Company and they have much interest for investors and stockholders. That is proper.

But insurance is a great deal more important than just dollars and cents. Insurance deals with *people*. You can't show on a balance sheet what it means to a man when fire or other catastrophe wipes out his life's work. You can't put a price on protection that enables you to work and plan for the future with assurance that it won't all be undone at a single stroke. In human values, the services of insur-

ance are almost beyond the ordinary yardsticks of price and value received.

More than almost any other type of business, insurance is based on the true principles of friendship. The first attribute of a friend is that he will come to your aid when you need it most—and that is exactly what insurance is designed to do. Secondly, a friend is somebody you know, somebody who is interested in *you*. In practically every city, town and village across the nation there is a representative of The Home. He is The Home. Through him, the Company extends its protection to you. Through him, when loss occurs, that guarantee is made good. Through him, The Home is *your* friend.

On the eve of celebrating our 100th birthday, we look back on 1952 as an eventful and resultful year for The Home Insurance Company. It is a great satisfaction to all in The Home family — employee and management, producer and stockholder—to know that their year's work can be counted in terms of good things for many people . . . suffering averted, troubles overcome, peace of mind for people everywhere.

*Harold V. Smith*  
PRESIDENT



## BALANCE SHEET

ADMITTED ASSETS	December 31, 1952
United States Government Bonds . . . .	\$ 93,293,526.82
Other Bonds . . . . .	69,662,362.94
Preferred and Common Stocks . . . . .	154,190,561.00
Cash in Office, Banks and Trust Companies . . . . .	34,904,305.02
Investment in The Home Indemnity Company . . . . .	15,049,406.50
Real Estate . . . . .	6,860,066.57
Agents' Balances or Uncollected Premiums, less than 90 days due . . . . .	18,508,593.77
Other Admitted Assets . . . . .	4,464,325.63
<b>Total Admitted Assets . . . . .</b>	<b>\$396,933,148.25</b>
LIABILITIES	
Reserve for Unearned Premiums . . . . .	\$171,326,998.31
Unpaid Losses and Loss Expenses . . . .	34,346,108.04
Taxes Payable . . . . .	7,700,000.00
Reserves for Reinsurance . . . . .	1,510,607.16
Dividends Declared . . . . .	3,600,000.00
Other Liabilities . . . . .	4,372,168.98
<b>Total Liabilities . . . . .</b>	<b>\$222,855,882.49</b>
Capital Stock . . . . .	\$ 20,000,000.00
Surplus . . . . .	154,077,265.76
<b>Surplus as Regards Policyholders</b>	<b>\$174,077,265.76</b>
<b>Total . . . . .</b>	<b>\$396,933,148.25</b>

NOTES: Bonds carried at \$5,766,396 Amortized Value and Cash \$83,890 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Based on December 31, 1952 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$393,830,412 and the Surplus as Regards Policyholders would be \$170,974,530.

## DIRECTORS

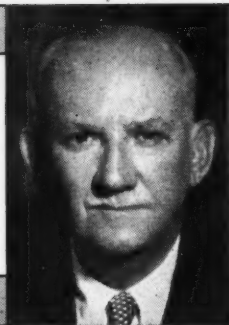
LEWIS L. CLARKE Banker	PERCY C. MADEIRA, JR. President, Land Title Bank & Trust Co.	THOMAS J. ROSS Senior Partner, Ivy Lee and T. J. Ross
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Home Office: 59 Maiden Lane, New York 8, N. Y.

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds



# Editorial



## Budget Cut versus Tax Cut

**W**HETHER our National budget should be balanced prior to a tax cut, or a tax cut should precede our balanced budget, is reminiscent of the question of which came first—the chicken or the egg. It would seem logical that one would cut expenses before cutting revenue, but some contend that if you reduce revenue that act in itself forces you to reduce expenses. This is true if you have a horror of deficits and are under a pledge not to continue deficit financing.

The truth of the matter is that what the country is primarily interested in is a reduced cost in government. That takes precedence over even tax reduction, though we naturally expect a tax reduction to follow lower government costs. What the American people want is the lowest possible cost of government and that funds collected in excess of the cost of government be used for one of two purposes, if not for both. They desire these funds be used to reduce the tax load and to start paying our obligation. Even if the possible payments on the debt would be small in amount, the psychological effect and the practical effect would do much to create new incentive.

Heavy taxes, when money is being wasted, cause more objection than do heavy taxes when the money is being utilized to take care of our obligations and for debt reduction purposes. Heavy taxes levied for debt reduction have the stimulating effect of causing such assets as you possess to have greater purchasing value. Our cash, bonds and promises to pay become instruments of greater intrinsic worth when our financial position and fiscal policy are on a dependable basis.

It is highly essential that the cost of government be lowered as quickly as possible and that the intolerable tax burden be made more reasonable. It is equally essential, however, that once the tax burden be made reasonable and without an adverse impact on American progress, at least a portion of the excess receipts of the government should go towards the payment of our debt.

A handwritten signature in cursive script that reads "Henry H. Heimann".

HENRY H. HEIMANN,  
Executive Vice President.



## THE APRIL COVER

THE FAST-MOVING tide of the national economy with the new outlook and developments has its backwash in all sectors of business operation. Here, in the area of business financing, a policy matter is being discussed by Alexander E. Duncan (right), chairman of the Commercial Credit Company, Baltimore; chairman and director of American Credit Indemnity Company of New York, and chairman and director of the Humphreys Manufacturing Company; President E. C. Wareheim (center) of Commercial Credit



Company; and Paul M. Millians, vice president, Commercial Credit Company.

From his first job, at \$15 a month, in the Bank of Louisville, and his general mercantile business at Crestwood, Ky., Mr. Duncan entered the credit insurance department of the Ocean Accident and Guaranty Corporation, Cincinnati, went to Baltimore as district general agent for American Credit Indemnity Company of New York. As a commercial financing project for purchase of open accounts from manufacturers and wholesalers he launched the Manufacturers Finance Company, in 1909. Three years later he sold his interest and started the Commercial Credit Company. Mr. Wareheim, one of his first associates, joined him in the new venture.

President Wareheim, who attended the University of Maryland law school, is a director of the First National Bank and Eutaw Savings Bank, Baltimore; a director of the American Red Cross, Baltimore Chapter; member of the Commission on Government Efficiency and Economy, and member of Automobile Old Timers, Inc.

Mr. Millians, from Georgia Tech's school of commerce, followed war service with successive posts as credit manager, treasurer and vice president of a manufacturing company. After four years as director of the budget of the U. S. Shipping Board he joined the executive department of the American Credit Indemnity Company, subsidiary of Commercial Credit Company; became vice president of Commercial Credit Corporation, another subsidiary, and in 1948 was elected vice president of the parent company. He is a past vice president and director of N.A.C.M., past president of the Atlanta Association of Credit Men and past president of the National Association of Cost Accountants.

# CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY \* FINANCE \* COMMERCE

General Manager: Edwin B. Moran  
Official Publication of The National Association of Credit Men

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NUMBER 4

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CONGRESSMEN'S fulminations and public rumblings were supplying plenty of draft for the growing fire over tax reductions. The House rules committee chairman was sitting, albeit uncomfortably so, atop H.R. 1, reported out by the ways and means committee, whose chairman, Rep. D. A. Reed (R., N.Y.) had introduced it. Then there were the hints that the pending death of the excise taxes was, as Samuel Clemens said of the false rumor of his demise, slightly exaggerated. Add to these developments the official pronouncements that balancing the budget would be exceedingly difficult and that defense and foreign spending could not be cut substantially. No wonder question marks were sprouting along Pennsylvania Avenue, and elsewhere. One question was whether the objective was to soften the public for political jellyfishing. (The recognized basic need is reduced cost of government, whatever the sequence of procedure, says Henry H. Heimann in his editorial on page 4).

Commerce Secretary Sinclair Weeks had said in a Lincoln Day address that "the time will come when it will be safe for children to kiss their father goodnight on income tax day and not have their little heads snapped off by their harassed parent." And there was this observation: "Millions of taxpayers already are hurt by the rising cost of government . . . Their relief is paramount. A balanced budget is a must." Yes, yes, go on.

With the federal government taking 78 cents of each dollar collected in taxes this year, says the National Association of Manufacturers, "the best way to keep down the bills is to . . . bring government back to the home state capitols and hometown halls."

ILLUMINATING in the new Administration's approach to tariff problems was the refusal of President Eisenhower to go along with the tariff commission's recommendation that duties be increased to aid American makers of briar pipes, pending further study. In other words, "Put that in your pipe and smoke it."

THE TAFT-HARTLEY law and suggested amendments can launch a verbal tilt without the drop of a hat. Besides the changes proposed by co-author Sen. R. A. Taft (R., Ohio) the range of dispute runs from the plea of Rep. B. O'Hara (Dem., Ill.) that the law be dunked and a new measure be cut from the whole cloth of the gone but far from forgotten Wagner Act, to the

amendments offered by Rep. R. L. Condon (D., Calif.) for extension of the statute of limitations to one year, for federal arbitration of collective bargaining agreements and appeal to the board if its counsel refuses to file a complaint under the law. The AFL sought many changes.

The end is not yet. Most bitter is the wrangling over the 80-day injunctions against strikes and the ban on secondary boycotts. One safe bet is that the Wagner act will not be pulled out of the New Deal mausoleum, not in the next four years.

THE 4,043,500 business concerns at the dawn of 1953 exceeded the number at the previous year-end by 34,500, said the Department of Commerce. Furthermore, 4 per cent fewer companies went out of business than in 1951. Nearly all the 1952 increase was in contractor and transportation firms.

TO HELP cattle prices the House committee on agriculture approved this four-point program: more meat buying by the armed forces, temporary restriction of beef importation, increased federal purchase of meat for the school lunch program, and emergency loans to farmers to help them delay marketing their cattle.

REVISED regulations on foreign-trade zones in U.S. ports of entry are shown in a pamphlet issued by the Department of Commerce. The zones are enclosed areas in which customs laws and payments of duty do not apply.

DESPITE the dire wails of control-proponents, the "roof has not caved in" on the economy now that most ceilings have been removed preparatory to expiration of the law on April 30th. Wage controls also are taking their last breath, and instead of the material and product controls, after June 30th President Eisenhower is expected to limit the program to military priority. Such a program, including atomic energy projects, has the indorsement of steel products manufacturers and others.

Acting Defense Mobilizer Arthur S. Flemming, into whose office Mr. Eisenhower transferred the functions of the abolished Defense Production Administration, confirmed this post-June 30 setup. And industry leaders called the return toward free enterprise a cause for cheerio to businessman and consumer alike.

While the President said the 90 per cent of parity support of prices on major crops would be carried out through 1954, the policy after

the expiration date was still to be determined. Congress members from farm states were impatient for something more definite than surveys to turn farm prices out of the rut of decline.

Meanwhile the Federal Reserve cleared its program of credit control relaxation by reducing the margin on securities to 50 per cent (not enough, said some), after the earlier removal of control on consumer credit and mortgage lending, also the voluntary credit restraint.

Paralleling these moves was the signing of the bill extending until 1955 the President's authority to reorganize federal departments and agencies.

¶ CONSULAR invoices (documents containing information on export shipments which must be recorded with the consul of the importing country) can be expected to be retained for statistical and other needs. Venezuela's consul general,

---

**OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.**

**THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.**

---

Delfin Enrique Paez, defended his country's use of the consular invoices as "the main source of information." He called negligible the revenue from the legalizing fees.

¶ MOVING two ways to dispose of its 236-million bushels of price-support-acquired corn, with minimum effect on grain markets, the Department of Agriculture, in a plan amplified by John H. Davis, president of the Commodity Credit Corporation, projected a program to increase sales of offgrade corn in danger of spoiling, while making moderate quantity purchases of good quality.

¶ THE SUPREME COURT ruled that the National Labor Relations Board may issue complaints based upon charges filed by a CIO union, provided officials of the CIO file non-Communist affidavits before issuance of the complaint. The ruling was in *NLRB v. Dant & Russell*, S.C. 97.

¶ HIGHLIGHTING a Department of Commerce summarization of business in 1952 were these conclusions: Gross national product rose 5 per cent to \$346 billions; national income was up 4.7 per cent to \$290.5 billions, but corporations earned \$1.5 billions less and farm owners 1 per cent less; personal income went up 5.5 per cent to \$268.5 billions; consumer spending was 92 per cent of spending income; private investment dropped \$5.5 billions, to a \$52 billion total; inventories were scaled down; residential construc-

tion was at the \$11 billions of 1951; Government expenditures rose 24 per cent, to \$78 billions, while state and local government outlays went up a billion and a half, to \$23.5 billions.

¶ S. 1010, introduced by Sen. H. H. Lehman (D., N.Y.) calls for licenses by the Federal Power Commission for power projects in the international area of the St. Lawrence river.

¶ INTRODUCED by 46 senators was a bill to require Congress to consider all appropriations in one bill, with a limit on actual spending for each appropriation item and safeguards to keep the budget in balance.

¶ TO PUSH production of aircraft, tanks and ordnance, the Navy reinstated the "graphic production analysis" system for expert study of plants running behind schedule.

¶ DISSOLUTION of the Reconstruction Finance Corporation and transfer of its defense functions to other agencies was asked in S. 892, by Sen. H. F. Byrd (D., Va.).

¶ S. 908, by Sen. E. C. Johnson (D., Colo.), would separate air mail subsidies from air mail pay.

¶ RESOLUTIONS for appointment of a joint Congressional investigatory committee on consumer interests were presented by 23 Representatives.

¶ S.R. 14, by Sen. Pat McCarran (D., Idaho) authorizing a study of antitrust laws and their enforcement, was ordered reported by the Senate judiciary committee. But the House judiciary committee put the quietus on the business monopoly and antitrust investigations waged for four years by the preceding administration.

¶ THE 6,805,000 farm workers in 1952 were almost 2.7 million fewer than in 1940.

¶ A CEILING of \$300,000 on individual loans to small business was set by the Small Defense Plants Administration.

¶ THREE HUNDRED appeals by World War II contractors, from settlements proposed by Government agencies which had canceled contracts, were heard by the General Services Administration's contract settlement appeal board in the eight years before it disbanded.

¶ FOREIGN TRAVEL expenditures by Americans in 1952 went up to \$1.15 billions for a new record—\$100 millions over 1951, says the Department of Commerce.

¶ OUTGOING chairman of the House foreign affairs committee, Rep. J. P. Richards (Dem., S.C.) asked repeal of nine foreign aid bills and consolidation of their provisions in one new measure.



# You Can't Pick a Winner Without a Good Program

## *Baker's Dozen of Forms and Procedures Vital to Credit*

**M**ILITARY ordnance specialists—and self-anointed experts—are at it again in their perennial



L. H. JUENGLING

war of words over the relative merits of American and Russian combat planes. Whatever the truth of the arguments, all would agree that proper tooling is a prerequisite of manufacture of good weapons, for conflict or peace pursuits. In credit department operation, "tooling" takes its importance in terms of an adequate credit filing and record system, plus procedure for receiving and passing upon all orders for product.

L. H. Juengling, assistant to the president of the Sheffield Steel Corporation, at Houston, Texas, in discussing systems and procedures notes that paper work never will substitute fully for personal contact with customers in the field, but he emphasizes that good working tools in the office are vital to effective co-functioning with the selling staff for volume distribution, and for production control.

Reviewing a dozen forms and procedures, Mr. Juengling concentrates upon these five component parts of the credit file, arranged alphabetically by name of active or prospective customer:

1. A new account form.
2. Correspondence file.
3. Separate files on various credit reporting agencies or associations.
4. Financial statements and analyses.
5. A credit card.

The need for the new account form (reproduced herewith) is illustrated by the case history of a young salesman in Arkansas. He had given a prospective customer the usual promises of services and quality.

"One morning," writes Mr. Juengling, "there came across my desk an order for a carload of wire products and a note attached, urging prompt handling of credit approval to effect quick delivery."

gling, "there came across my desk an order for a carload of wire products and a note attached, urging prompt handling of credit approval to effect quick delivery."

### **Order Canceled—Then the Deluge**

"We checked immediately with a credit agency for a rating, and found none. Its subsequent report was not as promising as the salesman expected. Telephone calls and exchanges of letters resulted in a request that the customer send cash before we could enter the order. Finally the order had to be cancelled—and there was considerable correspondence among the credit department, the salesman, the sales manager, and the vice president in charge of sales. Following this experience, we instituted the new account form."

---

**T**HE Kansas City Nut and Bolt company, predecessor of the Sheffield Steel Corporation (which became a subsidiary of the Armco Steel Corporation in 1930), was the first business affiliation of L. H. Juengling, assistant to the president of Sheffield Steel. After additional study, via night school and correspondence courses, he became a sales representative working out of Tulsa, returning to Kansas City as assistant office manager of the sales department.

Then came these successive promotions: a director and secretary-treasurer, Tulsa Steel Corporation; manager, Sand Springs plant of Sheffield Steel, successor to Tulsa Steel; assistant treasurer and credit manager; assistant secretary, with Kansas City headquarters; a director, secretary and treasurer of Sheffield Steel Corporation of Texas; also assistant secretary and assistant treasurer, The American Rolling Mill Corporation; secretary and assistant treasurer of Sheffield for the three plants at Houston, Kansas City and Sand Springs; assistant to the president, secretary and assistant treasurer, Sheffield, in addition to assistant secretary of Armco. In 1949 he also began direction of purchases for the three plants named.

---

**Your correspondence file.**—Into this file go correspondence with your salesmen, any bits of information picked up elsewhere regarding the company, your letters thanking it for the business, asking for payment, etc., and trade information received periodically by checking with other vendors selling the same account (later transferred to the Credit Card for ready reference.)

**Reports from agencies.**—Continuity of such reports can be followed more easily if kept in separate files.

**Financial statements and analyses.**—"Most creditors ask for a financial statement from prospects or customers with their first order and either accept the statement as given, ask that the data be supplied on the seller's own form, or, as in many cases, on the form made available by the National Association of Credit Men." This kind of information should be in a separate file, Mr. Juengling advocates, "with your analyses of the various statements received from your customer from time to time."

**Credit card.**—On the credit card, preferably on heavy cardboard, the following information would be entered: date, name, address, kind of business, products purchased, salesman soliciting, remittances handled by, statements to, account opened, discontinued; C—Credit Interchange Bureau report ordered (or from other applicable sources); banks; rating information (date, source, rate (rate, strength, class)) and insurance; entered on approved list; record of orders received; the following entered on ledger: terms; maximum line of credit; interest on past due items charged at—% per annum; manner of payment: discount and when due, or slow (show date) and notes and/or trade acceptances; remarks; and on back of card the following: sales: year, value; and ledger experience, including date of inquiry, how long sold, date of last sale, highest recent credit; amount (including notes and T.A.) owing, past due; terms and pays dis-

# Fount of the Credit Manager's Record System

count, promptly, slow (days); and remarks.

Among other forms and procedures mentioned by Mr. Juengling as proven helps in credit and collection administration are these:

1. Request for information form.
2. Form used to reply to requests for experience.
3. Customers reference card.
4. Past due notice.
5. Monthly analysis of past due items.
6. Remittance advice procedure.
7. Credit bulletin or letter to sales representatives.

The request-for-experience form (shown herewith) "can be made on your letterhead stationery and will be very useful in sending to people who have been selling your prospect." He suggests sending two copies, one with an addressed and stamped return envelope, the other for the replier's file.

(Letterhead, city and date)  
Re:

Gentlemen:  
Your name has been suggested in connection with an investigation we are making with regard to the subject company.

We will appreciate having you fill in the following and return one copy in the attached stamped, addressed envelope for our confidential file.

How long sold \_\_\_\_\_  
Date of last sale \_\_\_\_\_  
High credit past year \$ \_\_\_\_\_  
Now owes \$ \_\_\_\_\_  
Past due \$ \_\_\_\_\_  
Terms \_\_\_\_\_  
Pays { Discount \_\_\_\_\_ Days.  
Prompt \_\_\_\_\_  
Slow \_\_\_\_\_

Remarks: Yours very truly,  
(Company)  
(Name of Executive)  
Treasury Department

P.S. You will notice an extra copy should you want it for your file.

The form letter below is proposed for convenience in your answer to similar requests from other credit managers.

(Letterhead, city and date)  
Re:

Gentlemen:  
Your letter of \_\_\_\_\_ has been received.

The following experience from our Bookkeeping Department is for your confidential information.

How long sold \_\_\_\_\_  
Date of last sale \_\_\_\_\_  
High credit past year \$ \_\_\_\_\_  
Now owes \$ \_\_\_\_\_  
Past due \$ \_\_\_\_\_  
Terms \_\_\_\_\_  
Pays { Discount \_\_\_\_\_ Days.  
Prompt \_\_\_\_\_  
Slow \_\_\_\_\_

Remarks:

## CONFIDENTIAL INFORMATION

Furnished at your request as a matter of opinion only, without prejudice or responsibility on the part of this company its officers or the writer hereof. Contents not to be published or circulated.

Yours very truly,  
(Company)  
(Name of Executive)  
Treasury Department

The customer reference card should be made in duplicate, one to be kept in a file alphabetically by states and cities, the other according to the credit agency rating refer-

(Concluded on page 30)

## NEW ACCOUNT REPORT

To: Credit Department \_\_\_\_\_ 19

1. Customer \_\_\_\_\_  
(Be sure name is spelled correctly)
2. Address \_\_\_\_\_  
Street Number City County State
3. JOBBER \_\_\_\_\_ MANUFACTURER \_\_\_\_\_ FABRICATOR \_\_\_\_\_ DEALER \_\_\_\_\_ CONTRACTOR \_\_\_\_\_
4. Kind of business \_\_\_\_\_
5. Please indicate kind and the amount of the following commodities you think this account would purchase from us:

Commodity	Net Tons Per Year	Value
1.	_____	\$ _____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

6. To what class of trade does prospective new account sell? \_\_\_\_\_
7. Is Customer a Corporation? \_\_\_\_\_ If so, under what laws incorporated \_\_\_\_\_  
Officers are: Name Title Age Married or Single

8. Is Customer a Partnership? \_\_\_\_\_ If so, name partners \_\_\_\_\_

9. How long in business \_\_\_\_\_ years. Ever failed \_\_\_\_\_

10. Banking connections are: Name Location

11. Also purchases from: Name Address

## Additional Remarks

12. What is your impression of the office and premises? \_\_\_\_\_

13. What is your general impression of the personalities with whom we are to do business? \_\_\_\_\_

Sales Representative (Signed) \_\_\_\_\_

# *A Problem for the Book and How It Was Solved*

## A Feature Series on **MANAGEMENT AT WORK**

**T**ODAY'S credit manager should feel as keenly as the salesman-manager that he is selling for the company. Our effort takes the form of promoting as many sales as possible with a minimum of losses.

That selling viewpoint is particularly true now because of the extremely important factor of the marginal sale. If only good accounts were sold, there would be no job for the credit manager. It is his function to decide which marginal potentials to undertake, and then control and maintain them. Many good accounts of today were poor pay accounts years ago.

That fact brings me to the unusual problem in mind. Ours is a wholesale distribution of automotive and industrial parts, engines and equipment, plus machinshop service. The subject concern was, and is, the owner of automotive sales and repairs business. The supplies involved consisted of auto repair equipment.

First I should explain that our company policy is against making adjustments in the form of settlements. If a customer owes us \$100 we do not settle his bill for \$50, unless he has a complaint on a repair job and we feel he has a justifiable claim for credit. (Of course there is the legal settlement on a percentage of the dollar which is agreed upon by all creditors).

### **Old Debt Doesn't Always Decide**

I do not believe, however, in a fixed rule that a sale should be refused because of an old unpaid debt. Suppose, for example, an account owes you \$15 and you finally write it off. Would you later turn down a sale of \$1,500 or more to him on a chattel mortgage if the finance company is willing to accept the ar-

**JOE VALLERO**  
Credit Manager  
*National Auto Supply Company*  
East St. Louis, Illinois



range-ment? I don't think many credit men would refuse. That is a safe risk. The real risk was in opening the account. The old account is water over the dam. The future is what counts.

That was our premise in handling the case history before us. Years ago one of our branch managers had given a courtesy charge in an emergency to this account. The amount was small and it was not paid by the due date. I mailed a reminder but had no response. After several personal letters I called the proprietor by phone, and he promised to mail a check. It did not arrive. I called a time or two later—then decided to forget it. At the end of the year the account was charged off to bad debts.

### **New Business, Old Proprietor**

Many months later, a new business was to open near another of our nine outlying units. A unit salesman turned in the customary credit data sheet for opening an account. There was a

possibility of selling a substantial amount of equipment and merchandise.

I noticed at once that the proprietor of this new business was the same one whose account I had charged off. The natural reaction would have been to turn down the credit application for open account, but I decided not to be hasty. I suggested to the salesman that he proceed with furnishing the equipment on a chattel mortgage with a sizable down payment. (This is the usual procedure for selling equipment). But what to do about an open account? From all indications the owner would expect an open account if he purchased the equipment.

With the aid of our unit manager and the salesman we made a complete analysis of the owner's business history and prospects. The location chosen had good possibilities, and we knew the manager-in-charge as a competent operator. The one question concerned promptness in paying bills.

### **Calculated Risk Proves Sound**

After reviewing our analysis, I concluded that the case presented a good calculated marginal risk and agreed to open the account with a line of credit sufficient for proper operation of the business. We had a complete understanding on the payment arrangements.

I am pleased to add the postscript that developments substantiated our analysis and the account continues to be a good customer. The case also proves that the credit executive should be sales-minded, slow to say "No," and then, after acquiring all information possible, should apply sound judgment to development of the marginal potential into a volume-producing business.



**G**RADUATE of the school of commerce of the University of Illinois and Blackburn Junior College, where he earned several letters in athletics, Joe Vallero continued with further study at the University of Vermont and St. Louis University.

Following war service he affiliated with the National Auto Supply Company at East St. Louis, Ill., and is credit manager.

In the St. Louis Association of Credit Men he is on the directorate and has been chairman of both the automotive and the motor freight groups.

#### "He That Hath Ears—"

THE OLD SAW of the pseudo-merchant who lost money on each pair of pants but kept going because he "sold so many of them" must have its counterpart in Britain as a big business owner. A study shows that nationalized industries and services, hangovers from the Socialist regime, lost almost \$4 for each \$1 of profit (1947-52 profits \$73.08 millions, losses \$269.36 millions).

"Not one of the nationalized industries can be regarded as in a financially stable condition," says Oscar Hobson, financial editor of the *London News Chronicle*. Production is off, the workers are restless, and the trades union congress itself wants no more of same.

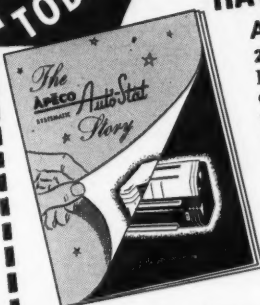
In America, "the road to serfdom has been blocked and a Socialistic economy recedes in the distance." That's the way Alfred P. Sloan, Jr., chairman of General Motors Corporation, spells out the change of regimes in Washington.

#### Insurance Merit Rating

A SYSTEM of merit rating for auto insurance, being tested by the Liberty Mutual Insurance Company, provides for a 1 per cent rate reduction for the policyholder for each accident-free year. The experiment, underway in California, applies to auto property damage and bodily injury liability policies.

"For several years," Liberty's President S. Bruce Black explains, "there has been demand for some kind of merit rating in which the careful driver would not have to shoulder the accident costs of the careless motorist."

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HIGHLIGHTS OF THE  
**41<sup>ST</sup> Annual Report**  
**COMMERCIAL**  
**CREDIT COMPANY**  
 BALTIMORE

# Helping

## Consolidated balance sheet as of December 31, 1952

### ASSETS

#### CURRENT ASSETS:

Cash in banks and on hand		\$ 75 211 469
Marketable Securities:		
U. S. Government Obligations	\$ 65 540 175	
Other Marketable Securities	13 632 383	
	<u>\$ 79 172 558</u>	
Less Reserves	464 567	78 707 991
Accounts and Notes Receivable:		
Motor and Other Retail	\$570 189 287	
Motor and Other Wholesale	151 333 622	
Open Accounts, Notes, Mortgages and Factoring Receivables	121 558 088	
Direct Loan Receivables	48 598 257	
Sundry Accounts and Notes	3 838 003	
Total	<u>\$895 517 257</u>	
Less Reserves for:		
Unearned Income	\$ 41 084 860	
Losses on Accounts and Notes	14 012 727	
Total Reserves	<u>\$ 55 097 587</u>	840 419 670
Other Current Assets:		
Trade Accounts and Notes Receivable "Manufacturing Companies"	\$ 7 454 341	
Premiums Receivable—"Insurance Companies"	494 123	
Inventories—"Manufacturing Companies"	13 436 814	21 385 278
Total Current Assets		<u>\$1 015 724 408</u>

#### FIXED AND OTHER ASSETS:

Land, Buildings, and Equipment "Manufacturing Companies"	\$ 8 470 626	
Company Cars—used by Representatives	1 478 658	
Cash Surrender Value Life Insurance	97 693	
Repossessions—at depreciated values	661 208	10 708 185

#### DEFERRED CHARGES:

Prepaid Interest and Discount	\$ 4 500 892	
Prepaid Insurance and Expenses	1 019 227	5 520 119
		<u>\$1 031 952 712</u>

### LIABILITIES, CAPITAL AND SURPLUS

#### CURRENT LIABILITIES:

Notes Payable—Unsecured Short Term		\$ 577 165 500
Accounts Payable:		
Credit Balances of Manufacturing and Selling Agents	\$ 12 156 081	
Sundry	12 605 189	
Due Customers only when Receivables are collected	9 029 051	
Accrued Income and Excess Profits Taxes	27 474 607	
Other Taxes	3 357 933	
Customers' Loss Reserves	24 370 585	88 993 446
Total Current Liabilities		<u>\$ 666 158 946</u>

#### UNEARNED PREMIUMS—"INSURANCE COMPANIES".....

#### RESERVES FOR:

Losses and Loss Expense—"Insurance Companies"	\$ 6 698 348	
Fluctuations in Security Values	575 258	7 273 606

#### UNSECURED NOTES:

Notes, 2¾% due serially—1954-1957	\$ 34 000 000	
Notes, 3¼% due 1961	40 000 000	
Note, 3% due 1963	50 000 000	124 000 000

#### SUBORDINATED UNSECURED NOTES:

Notes, 3% due 1957	\$ 25 000 000	
Note, 3¼% due 1958	10 000 000	
Notes, 3.95% due 1964	25 000 000	60 000 000

#### MINORITY INTERESTS IN SUBSIDIARIES.....

58 829

#### CAPITAL STOCK AND SURPLUS:

Common Stock—\$10 par value: Authorized—6,000,000 shares		
Issued and Outstanding—4,564,334 full shares and 172 shares of fractional scrip	\$ 45 645 060	
Capital Surplus	15 369 499	
Earned Surplus	73 194 733	134 209 292
		<u>\$1 031 952 712</u>

# America buy what it wants

*A few facts, as of  
December 31, 1952 and 1951*

## CONSOLIDATED OPERATIONS

	1952	1951
Gross Finance Receivables Acquired .....	\$2 907 587 057	\$2 783 942 471
Gross Insurance Premiums, Prior to Reinsurance...	53 278 791	41 604 516
Net Sales of Manufacturing Companies...	102 223 306	99 115 875
Gross Income .....	129 397 120	118 941 880
Net income from Current Operations, before United States and Canadian Income Taxes	42 350 470	44 937 240
United States and Canadian Income Taxes	23 301 163	24 223 353
United States Excess Profits Tax—Credit...	765 000	1 000 000
Salaries, Wages, Commissions .....	50 581 822	46 625 518

## NET INCOME

	1952	1951
Finance Companies .....	\$12 197 428	\$11 873 474
Insurance Companies .....	3 531 614	3 265 108
Manufacturing Companies .....	4 085 265	4 575 305
Net Income from Current Operations .....	<u>\$19 814 307</u>	<u>\$19 713 887</u>
Net Income per share on Common Stock* .....	\$ 4.34	\$ 4.33
United States and Canadian Taxes on Income—per share* .....	4.94	5.53
Book Value per share—Common Stock* .....	29.40	27.50

\*Adjusted for distribution of one share for each share held July 1, 1952.

The activities of Commercial Credit Company are operated through three divisions, consisting of its Finance Companies, Insurance Companies and Manufacturing Companies.

Gross Receivables acquired by its Finance Companies, Earned Premiums of its Insurance Companies and Net Sales of its Manufacturing Companies were larger than for any previous year in the history of the Company.

*Detailed Report is Available Upon Request*



A SOUND CREDIT SYSTEM is of prime importance to the economic welfare of our country and its citizens. The Total Consumer Credit outstanding under such system should be in proper proportion to current Total Disposable Personal Income (after taxes).

Total Disposable Personal Income for 1952 was \$242,900,000,000, compared with \$75,700,000,000 for 1940. Total Consumer Credit outstanding December 31, 1952, including all Instalment Credit was \$23,975,000,000, compared with \$8,163,000,000, on December 31, 1940. Total Instalment Credit outstanding was \$16,506,000,000 for 1952, compared with \$5,417,000,000 for 1940.

Total Consumer Credit outstanding December 31, 1952 was 9.87% of Total Disposable Personal Income for 1952, compared with 10.78% for 1940. Total Instalment Credit alone was only 6.80% of Total Disposable Personal Income for 1952, compared with 7.15% for 1940. Automobile Instalment Credit alone was only 2.14% on December 31, 1952, compared with 2.28% for 1940.

The average American is his own best Credit Man. That is why COMMERCIAL CREDIT is proud of having made over TWO BILLION NINE HUNDRED MILLION DOLLARS available during 1952:

TO MANUFACTURERS to increase their working capital, their capacity, and their volume; to buy for cash or discount their purchases.

TO WHOLESALERS to broaden their distribution through distributors and dealers.

TO RETAILERS for "floor planning" their merchandise and thereby stimulate their sales and accelerate delivery.

TO CONSUMERS to help them buy, and use while paying for, automobiles, appliances and time and labor-saving machinery. Also, to help them budget expenditures or meet emergencies with "Small Loans" repayable in instalments.

COMMERCIAL CREDIT will continue to devote its resources, now in excess of One Billion Dollars and its experienced personnel to help American Industry to produce and distribute and Consumers to buy their products and thereby further improve the American standard of living.

This will be done by helping America buy what it wants through the continued judicious extension of credit.

*Alexander S. Duncan*  
CHAIRMAN

*E. B. Harkheim*  
PRESIDENT

MORE THAN 400 OFFICES IN PRINCIPAL CITIES  
OF THE UNITED STATES AND CANADA  
OVER ONE BILLION DOLLARS IN RESOURCES



*Direction, Plan, Trained Salesmen, Finance and Merchandise-Wise Staff*

# KEY FACTORS IN MANAGING CREDIT



**PAUL M. MILLIANS**  
Vice President  
Commercial Credit Company

**N**OW THAT competition is stiffening, sales-conscious credit executives are pointing their snorkels more and more toward marginal accounts, in application of the double duty of skilled credit management as a constructive force for volume business and a shield against credit misuse and abuse. That goes for both wholesale and consumer credit.

Noting that credit as the top sales market is also the high profit market, of special significance when "optimum profit depends so much upon full activity," Paul M. Millians (biography on page 5—Ed.), vice president of Commercial Credit Corporation, Baltimore, underlines four factors in credit promotion. Though his focus is primarily on instalment credit and the retail dealer, his thoughts may well encompass credit at large.

The key factors:

- (1) Proper management direction.
- (2) A good credit plan.
- (3) Trained and tested sales organization.
- (4) Credit management thoroughly grounded in finance and merchandising.

Management must "intend strongly," says Mr. Millians, paraphrasing Caesar, if sales credit production is

to be successful. The short-sighted view of some in top management that credit is an unavoidable evil "can put a dealer and an industry at a competitive disadvantage," for "the aggressive promotion of credit sales by one, the failure of another to promote, can result in a loss of business, or a redirection of business; not the purchase of less goods but the purchase of different goods." An illustration: industries slower than the motor industry which "wept that their customers didn't have money to buy because they were riding around in automobiles on time."

#### *It's All a Matter of Ideas*

A principle basic to a sound credit plan for a financing service is that it is "entirely a thing of ideas, and the object is to find ideas that will get prospects to see the advantages as the dealer sees and interprets them."

Then the selling words—"the shell of ideas"—words that "separate the ease and pleasure of ownership from the 'pain' on the price tag," all supporting a complete, clear and understandable plan, so that "all the purchaser has to do is sign."

One implementation of the words selling the purchaser the benefits of insurance and economies and satisfaction of his needs, is the point-of-sale display to help build the buying and use-of-credit impulse. "Whole window displays have been profitably devoted to credit plans and to the advantages of using the dealer's credit facilities." (All of them arguments which the supplier's credit staff can drive home in helping his customer to make the most of media to build sales.)

"Successful credit sales promotion needs men trained to sell, merchandise and credit-wise. Where manuals are employed in a selling operation, either a credit manual should be prepared or sections on credit should be made part of the regular sales manual. And, definitely, credit should be an important part of all current and future sales activities, given a place on the program of every sales meeting.

"When salesmen are so trained, there is less inclination to shift under pressure from selling merchandise to selling terms, and they bet-

ter understand that terms are no more than a measure of credit, that to use them otherwise is violation of a fundamental rule, resulting in unwarranted waste of credit, in higher credit costs, past dues, repossessions, and loss of customer and public goodwill.

"The down payment should be as large, and the period of the contract as short, as the buyer's cash and income permit, for only in this does the buyer find 'easy terms.'"

Credit cannot be thought of primarily as risk, or the result will be a loss of business and depreciation of the dealer's net profit, Mr. Millians told a Boston conference on distribu-

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*"The great majority who buy on credit are men and women of moral strength and courage. Not all shrewd financiers are in finance—or Washington. There are millions of them in American homes—working, conserving, planning, to keep the family budget in balance."*

*"Good spending, then, is one reason for the excellent debt record of consumer sales credit. Good lending is the other."*

—PAUL M. MILLIANS

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tion, but protection of receivables is undeniably important.

Credit for everyone would be ideal from a social and sales level, but "as a practical merchandising and profit consideration, the credit policy needed is one that reaches out and down to the best terms and the lowest marginal risk consistent with sound credit, and rates for the various classes of transaction to be financed. There is profitable business in several rate and risk classifications—4, 5, 6 and maybe 10 per cent.

"A type of risk and rate structure producing higher gross losses may, nevertheless, be profitable. A credit transaction is 'too risky' only when the rate of loss for any class

of business exceeds the profit for the class."

The answer is in proper balance between sales and rate and risk, and the foundation is in competent management and credit judgment, Mr. Millians says. To those without schooling in finance who preach "low, low rates" he retorts that "rates have never been and never will be the solution to any dealer's merchandising problem; rate is secondary so long as it is reasonable."

Why? "A low rate policy inevitably means a higher selectivity of credit risks. Its failure is particularly acute in the case of the automobile dealer." He cites the fact that on the average two used cars must be sold for every new car sale and quotes the statistics that 71 per cent of \$500-plus used car sales are on time, with high frequency of buyers among lower income and marginal risk groups.

"Constructive risk-taking is a fertile field for increased sales in all lines."

#### Balance in the Collecting Function

Collecting is a serious function, he agrees, but "getting back your money in any credit operation must be a thing of balance, a maximum reduction in future maturities with a minimum effect on volume.

"In trained and experienced hands this can be accomplished by a firm and persistent system of collections. The trouble," the executive explains, "is with the untrained. A striving for some negligible percentage in the reduction of past dues and losses; too much *debtor*, too little *customer* in the collection effort; too much pugilism in collection letters, and collectors and adjustors with the social graces of a good bouncer—these can cause heavy customer mortality and a big loss in volume.

"There is a balance which seasoned credit judgment can almost reach." Beyond this there are "credit capacities and abilities needed to attract and hold business: courtesy and friendliness in all customer contacts, prompt credit approvals, efficiency in every transaction."

Mr. Millians calls the potential for sales credit development within the next few years "great and growing," due to less hesitance by all groups in use of this medium of purchase, to increasing population, more families and income changes, plus heightened standards of living.

Consumers, he says, must be left free to go into debt and consumer credit free to expand—or there will be less distribution.

"At 10:35 A. M. tomorrow you will discover that your cashier has embezzled \$40,000"

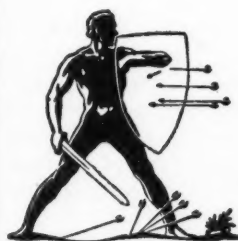


That's a pretty valuable weighing machine. Just put a penny in and learn the future.

If it were only that simple!!!

But it's not. You never know when or how human weakness may cause paralyzing loss—even financial disaster—for you. That's where the **INVISIBLE ARMOR** of a **NATIONAL SURETY BLANKET BOND** takes the guess-work out of the future. With it you are protected against dishonest acts by employees.

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# TRENDS — —

## IN BUSINESS AND FINANCE

### *Crutches versus Ventures*

BONDS and mortgages to pay for new plants and equipment since World War II have been too ready crutches for the Government, in the eyes of Charles E. Merrill, directing partner, and Winthrop H. Smith, managing partner, of Merrill Lynch, Pierce, Fenner & Beane. The result? "Too dependent upon insurance companies, banks, trusts and other institutions which by their very nature could not furnish venture capital."

The partners, pointing out in the annual report that of more than \$144 billions thus invested since World War II only \$9 billions (6 per cent) came from the sale of new equity money (common stocks), cited four needs:

(1) More favorable legislative climate toward business; (2) modification of the tax structure to encourage venture capital; (3) reduction of the public debt, and (4) education of the public to the function of private ownership.

### *Threat to Power Industry*

ATOMIC ENERGY development for non-military purposes should be placed in the hands of privately operated companies, privately financed, or the power industry will head toward nationalization, John L. Collyer, president of the B. F. Goodrich Company, believes.

"Our long-range security," Mr. Collyer told the American Institute of Chemical Engineers, "requires continued progress in research and development, which can come only from dynamic and competitive privately-owned industry."

The status of the synthetic rubber industry is a case in point, the Goodrich executive warned. (RFC Administrator McDonald now recommends the Government sell its \$500 million rubber production facilities to private firms.—Ed.)

### *A Study in Brown*

A NOTEWORTHY testimonial to progress in "dressing up" financial statements for readability to stockholders and employees is the 41st Annual Report of the Commercial Credit Company and its subsidiaries. The 30-page advance copy is done in brown and black, with the brown predominating in abundant charts and graphs. Shown separately are the operations of finance companies,

insurance concerns and manufacturing companies, with consolidated assets now exceeding \$1 billion. Net income per common share (adjusted for distribution, one share for each share July 1, 1952) was \$4.34 compared with \$4.33 in the previous year.

### *Building Top Executives*

A SERIES of "orientation seminars," to show top executives how to develop the talents of their subordinates for greater responsibilities, is underway as a program of the American Management Association.

The program of two-day meetings is constructed in four steps: inventory of executives and probable successors, review of potentialities, counseling interviews, and application of specific techniques.

### *Expansion a Safeguard*

EXPANDED CAPACITY is not a serious threat to market stability, because the last two years' expansion has been, in the main, in such basic industries as steel, petroleum, electric power, aluminum and chemicals, says the Federal Reserve Bank of Chicago. In fact, in Federal's view, the expanded plant is a safeguard against inflation as well as a rampart against aggressors.

Plant and equipment spending

---

***Pure Oil News sees Paradise as a place with "1952 wages, 1926 dividends, 1932 prices, and 1910 taxes."***

---

this year will approach the record \$27 billions of 1952, the bank predicts.

And that word "stability" cropped up frequently in the forecasts by speakers before the national gathering of savings bankers in New York. For example, Martin R. Gainsbrugh, chief economist of the National Industrial Conference Board, noted a change in general business that had turned "the predominant description of 1953 to terms of stability, both as to overall measures and to most of the major components—Government spending, capital spending, construction and consumer spending."

Miles L. Colean, consultant on construction and mortgage finance, predicted that total demand for

borrowed funds, including the Government's, will exceed last year's and will be accompanied by a noticeable easing from the tight condition of money supply.

The interest curve, said W. W. Townshend, president of Townshend-Skinner and Company, investment counselors, may even become concave, with the short rate higher than the long term rate. He added that the Government bond-market had been readied for a long-term 3 per cent rate.

Robert M. Catherine, president of the Dollar Savings Bank of New York and head of the National Association of Mutual Savings Banks, renewed his appeal for legislation to permit borrowing by savings banks.

### *Export-Import Prospects*

NOT COUNTING exports of military end items financed under the Mutual Security program, \$33 billions in exports and imports of goods and services are in the cards this year, as the signs are read by the balance of payments group of the National Foreign Trade Council.

The exporters, importers, investors and bankers see the export business this way: commercial exports somewhat less than 1952 or '51; a total of \$12.5 billions in merchandise exports—a drop of \$700 millions; \$4.8 billions in sales of American transportation and in income from American investments abroad; thus making an export total of \$17.3 billions.

Commercial imports would approximate the 1952 mark, possibly down a bit, with merchandise imports at \$11.3 billions, foreign services bought by Americans, including travel, bringing the total up to \$15.9 billions, thus reaching the \$33 billions overall of imports and exports.

### *Corporate Profits in '53*

MANAGEMENT has ahead an even tougher job than in 1952 if corporate profits are to keep pace in the national income, with high taxes continuing and not much change in general price levels, S. Morris Livingston, Chicago consultant economist, told the national personnel conference of the American Management Association.

Dwight W. Michener, research director of the Chase National Bank, New York, said the crest of the post-World War boom "may be



largely behind us." He drew this conclusion from leveling off in plant expansion and residential construction, lower inventories, debt increase at a faster rate than national income; home owners and consumers' committal of substantial portions of future income to current purchases, and indicated decline of exports.

#### Executive and Community

TOP EXECUTIVES in banking, insurance and public utilities, including railroads, participate to a greater extent in civic affairs than those in other businesses, the American Institute of Management concludes from an analysis of activities of 2,000 directors of 330 companies.

#### The Advertising Kitty

COMMERCIAL BANKS of America will boost their kitty for advertising this year to \$61 millions, an increase of \$13 millions, with the largest share of the advertising dollar allotted to messages of thrift and savings. So concludes the advertising department of the American Bankers Association. Thrift had been in tenth place in comparative emphasis in the 1946 survey. Savings banks are not included.

#### Threat's Still Here

THOUGH America's economic structure has withstood the "waves of semi-socialism washing away at the foundations," the threat is still there despite the political air-conditioning of Washington, and this is no time for complacency, members of the Chicago Board of Trade were told by their new president, Sylvester J. Meyers.

#### A Bit of a Problem

THINGS just were not going right for a customer of the Fidelity State Bank of Minneapolis. Witness his letter to President C. Herbert Cornell:

"I promised to pay your bank some money on my loan as of last week. However, for some reason I seem to have had a streak of bad luck with my daughter, and my car. One got married (the daughter, that is). The other (the car) decided to pick this time to undergo some new type of adolescent psychosis. At any rate it had the poor taste to pick this unfortunate time to have three flat tires, a busted piston, a bent valve and a series of interesting and most challenging problems with its circulatory system; none of which have helped my finances in the slightest. However, I shall do the best I can with what Uncle Sam lets me keep."

The letter appeared in *Commercial West*.

*Ernest A. Roubstad*

# MAKE

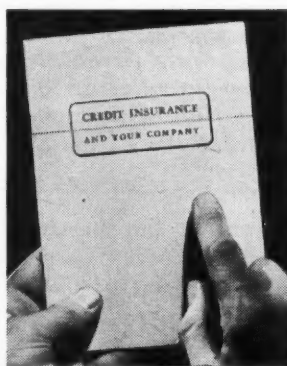
*Credit  
Approved*

# MEAN

*Payment  
Guaranteed*

## Credit losses represent Capital and its earning power Gone Forever

**A**N EVER INCREASING group of manufacturers, wholesalers and service organizations are transforming customers' PROMISES to pay into a GUARANTEE that they will be paid.



**NEW BOOK** tells 12 important ways AMERICAN CREDIT INSURANCE contributes to sound business management. We'd like to mail you a copy. Phone our office in your city or write American Credit Indemnity Company of New York, First National Bank Building, Baltimore 2, Md. Just say, "Send me book offered in *Credit & Financial Mgt.*"

Credit Insurance is a Credit Tool . . . it is NEVER a substitute for a Credit Department.

Protect your CAPITAL . . . Insure your RECEIVABLES

# American Credit Insurance



# Playing Loosely with Insurance Means Losing Customer's Business—or Yours

**I**T IS WELL for the credit executive "so to train the customer that he grows financial muscles instead of fat," for such education is a capital investment in the account, but the final test of realizing on the investment rests in whether the customer "stays alive, financially and physically."



R. B. GALLAGHER

Reputation and quick assets are not enough, not when fire and the elements, dishonesty, deception, or destruction get into the act, says Russell B. Gallagher, head of the corporate insurance department of the Philco Corporation. And that's where insurance comes onto the credit stage.

Among what Mr. Gallagher calls "booby traps in credit" are these problems in the account's insurance setup:

- (1) Coinsurance complications in fire insurance;
- (2) Selling agents insurance, contingent business interruption insurance, profits and commissions insurance, as protection against inability to obtain merchandise due to fire damage to the supplier, or, if he is a manufacturer, coverage of interest in his finished goods;
- (3) Statutory liability, and responsibility in case of personal injury to the customer's employers, his officers, the public, for personal injuries, and incomplete coverage under the Workmen's Compensation in some states;
- (4) "Occurrences" not covered by the standard public liability policy;
- (5) Faulty operation of company departments;
- (6) Lack of a comprehensive insurance program.

"Fire insurance is not tricky, but sometimes we play tricks with it," Mr. Gallagher cautions. "If the values insured are improperly determined, the coinsurance clause may become operative. Buildings, improvements, furniture, fixtures, machinery and equipment have a real value apart from their book value. Insurance purchased to cover book value pays but a portion of the real value when coinsurance is applied."

For example: With book value at \$100,000 and replacement value (net

of physical depreciation) at \$250,000, when the normal 90 per cent coinsurance was based on book value instead of real value (\$90,000 instead of \$225,000), the result was that for every dollar collected the customer assumed \$1.50 loss through under insurance. So, "comparing the policy limit with the books is not enough; you must dig deeper or you might as well not dig at all."

## What of Fire at Supplier's Place?

The credit executive who alerts his account to the need of carrying business interruption insurance as a firebreak in his own operation has helped him only in part. "Have you stopped to consider," Mr. Gallagher asks, "that your customer can be severely injured if you or another supplier can't ship merchandise because of your own fire? Assuming that your mercantile customer nets 5 per cent of gross sales, the loss of a supplier, whose product accounts

Another area of protection that goes beyond insurance on accounts receivable, and so-called valuable papers insurance, has to do with the account's liability to his employees, officers, public. Mr. Gallagher explains: "Have you been told that the workmen's compensation insurance covers his statutory liability for the accidents of employment? It does. But what is statutory liability? Officers, elective or appointive, are not covered by the Workmen's Compensation Act in Pennsylvania (Mr. Gallagher was addressing the credit men of Eastern Pennsylvania, in Philadelphia—Ed.). You cover them voluntarily by obtaining their signatures to a special indorsement. This does not bar their heirs from suing and collecting in the event that negligence on your customer's part caused the death of the officer. Your account can increase his employer liability, under section 1B of the compensation policy, to provide

## A TALE OF WHAT MIGHT HAVE BEEN

A broker to Mr. Gallagher: A client for the sixth consecutive year had a claim experience requiring a rate increase. Why?

*"The shipping department didn't pack securely. This let the transporting agency off the hook."*

*"The receiving department didn't record shortages and damages on the freight bill, so no claim could be filed against the carrier."*

*"The accounts receivable department allowed the account to age too long before it found out the shipment allegedly was lost. It was then too late to file the claim against the carrier."*

*"The accounts payable department couldn't reconcile receiving slips and invoices until the statute had run on claims against the transportation company."*

Here endeth this lesson.

for 25 per cent of the merchant's gross sales, means trouble. He needs a kind of insurance too seldom sold—selling agents insurance.

"If he is a manufacturer, the same problem exists and to a greater degree. He needs fire insurance with a selling price clause, or profits and commissions insurance, to cover his interest in his finished goods. Your failure to supply him may close him down just as if the fire were in his own plant. He needs contingent business interruption insurance, but very few people seem to know it."

higher limits of indemnity than the standard \$25,000."

Then there are public injuries stemming from "occurrences," such as air, land or water pollution, not covered by the standard public liability policy. "Though the poisoning may be accidental, the means may have been deliberate. Did your customer agree to assume a liability which is not his under the law, or did he agree to hold someone, perhaps you, harmless? Tell him to be satisfied only with a contractual liability coverage which will encompass all such agreements. Who knows what burdens he has assumed? Whatever the cost, he should insure

**DIRECTLY** associated with insurance since 1926, when he entered the claims department of the Royal-Liverpool insurance group, Russell B. Gallagher heads the Philco Corporation's corporate insurance department, set up in Philadelphia in 1944. He had undertaken production duties with Globe Indemnity Company, a member of the Royal-Liverpool group, in 1934, became associated with the Aetna Life Affiliated Companies in a similar capacity in 1940, advancing to manager of the risk analysis department and supervisor of agencies in Philadelphia, before joining Philco.



## LOOK FOR THIS MAN!

*He is your local U. S. F. & G. Agent*

**Y**OU'LL want to see him because he knows how to give your company maximum coverage against losses which are due to dishonesty, vandalism and accident . . . with a minimum of premium outlay.

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them. And have him insure all his other public liabilities under a blanket or comprehensive form specifically drawn to fit his enterprise.

"For each one who falls because of an insurable contingency uninsured, there are hundreds who read the obituary but never the diagnosis."

However, Mr. Gallagher advises against suggesting specific steps in setting up the customer's insurance program. "Make him carry the load. Have your insurance department or counsellors prepare a typical program, highlighting the danger points. Insist that your account have a complete insurance analysis made. Have your own adviser review the actual program, pointing to the areas of probable trouble."

"If I were a credit man," he sums up, "this is what I would advise my customers:

"Pick one or two progressive, well educated, well trained agents. They can't cost you any more than the poorest equipped agent, and they may cost you far less.

"Don't buy on friendship. Require that the agents set up a comprehensive insurance program, but only after analyzing all the exposures and contingencies peculiar to the enterprise. Insure all exposures which can cause severe financial damage.

"Have your agents prepare a joint illustration of insurance, indicating why each coverage was so arranged and why others were not effected after investigation. Present this report to your public auditors and require their comment. Distribute the insurance report and the auditor comment to all credit sources."



# Coasting Days Over, It's Time to Pedal, Heimann Tells Younger Bank Officers

**E**XPERIENCED management is one of several problems needing extra attention within the banking system, with the advent of increasing competition, because in an extended period of synthetic prosperity many officials of companies "have never piloted the business ship in stormy weather," Henry H. Heimann, executive vice president of the National Association of Credit Men, told the annual convention of the Illinois Bankers Association, in Chicago.

"Many of the younger bank officers," Mr. Heimann explained, "are unaware of the need for the most careful scrutiny of loan applications, since easy money policies have made the earning of inflated dollars rather easy, a situation which will not last indefinitely. The easy dollars will have to be paid back in hard-earned dollars."

Recalling the difficulties caused by credit extensions on commodities in 1921, by the credit situation on securities in '29, the abuse of credit for inventory expansion in '37, the speaker noted that "though on the present total volume of business it cannot be said that credit is necessarily over-extended," nevertheless the fact that current private debt exceeds the total federal debt points to the importance of careful evaluation.

With farm land values at their peak—"if they have not passed it"—and the increase in farm debt, the short range prospect is for less net income, but with price support efficient farming should be profitable, Mr. Heimann predicted.

"Corporate profits for the year ahead will be slightly less," the bankers were told, "though this trend can be easily reversed if some tax relief can be given to business. The impact of the tax bill on cash requirements in business is terrific, and as yet not fully realized by the public in general. An important factor in the business situation in the year ahead is a conservative dividend policy. The ratio of distribution of earnings by way of dividends has been growing rather rapidly in recent months. This trend cannot continue and should be re-

## SPOTLIGHT ON BANKING PROBLEMS

*The bank loaning officer this year should give utmost consideration to protection of his depositors as we enter a more competitive period.*

*Careful study and reasonable private control of credit are needed, in a condition of excess of private debt over total federal debt.*

*Efficient farming should be profitable this year, but the income of farmers will drop, so farm loans should have close appraisal.*

*With the terrific impact of the tax bill on cash requirements in business, a conservative dividend policy is indicated.*

*More attention should be given to comparison of the selling price of a security to its actual invested capital per share.*

*Elimination of the excess profits tax is imperative.*

*The longer the transition from a defense economy is deferred the more difficult it will become.*

versed. It is more essential that dividends be held to a smaller ratio if by doing so the company can be kept in a reasonably good cash position."

Militating against a tapering off of the demand for bank credit is the Mills plan, imposing heavier requirements than the normal tax burden. (The Mills plan is to get business on a current tax-paying basis.)

With the tremendous credit need of states and municipalities, Mr. Heimann sees a new record this year in total offerings of tax-exempt securities in those fields.

While the outlook for banking "seems quite favorable," with no material change in interest rates unless political action interferes, Mr. Heimann dealt at length with the question of the possible effects of a leveling off of defense work on the economy.

"A tapering off of defense might temporarily cause a slight let-up in a transition period," he said, "but nothing is more ridiculous than to assume there could be true prosperity out of either war or defense efforts." The taxes that pay for defense outlays curtail purchasing power, reduce earnings, work for an inflation in prices. "No one can estimate the potential business that would be created through a lower cost of government. The only problem in a transition is to have the

decline in certain government-stimulated programs occur in an orderly succession. If, for instance, our defense work were reduced and housing dropped off considerably, and plant expansion had been about completed, and the steel and automobile demand were reasonably satisfied, a combination of these circumstances could make the economic climate rough for a short while," but "we need not go back to the situation experienced in 1929."

### Transition Program for Private Hands

The federal government should participate in effecting an orderly economy program, but "it is to be hoped that the responsibility for making the transition and for inaugurating programs to insure full employment and a resumption of civilian production will be left largely in private hands." Another spending program or an artificially low interest rate would "merely prolong the day of reckoning."

The real banking problem this year, Mr. Heimann declared, "is the need of great care in its loaning policy, the finest of personnel relationship, and the determination to mechanize the banking operations so as to bring about an efficient and low cost of operating expense."

### Urges Careful Analysis of Current Retail Sales Totals

Both manufacturers and merchants should make careful analysis of re-

The immediate business outlook is for general stability, but with such current "elements of weakness" as declining farm and commodity prices and mounting private debt, there is a "longer range threat of a major economic readjustment," and "what happens in late 1953 and beyond depends far more upon how we behave in the months immediately ahead," according to Martin R. Gainsbrugh.

Mr. Gainsbrugh, chief economist of the National Industrial Conference Board, was addressing the midwinter trust conference of the American Bankers Association, in New York.

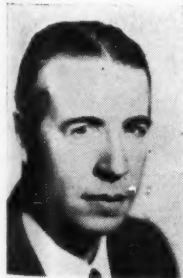
tail sales totals as a barometer of the consumer's attitude as to whether he will buy now or continue to hold on to his present high cash reserves, Mr. Heimann told members of the Milwaukee Retail Credit Association and the Milwaukee Association of Credit Men, at a joint dinner meeting.

He said that with competition keener and the break-even point extraordinarily high, business must constantly improve its product if it is to prosper.

#### Bright Sales Prospects Seen For the Motor Truck Industry

After one of the most discouraging years in the transit industry, with total riders 7 millions under the 23

millions of 1945, peak production of 6,000 buses as in 1952 is indicated, but sales prospects for the motor truck industry, with its steady increase of volume, are "extremely bright," says L.



L. J. FAGEOL

J. Fageol, president of the Twin Coach Company, Kent, Ohio.

Noting the trend of demand toward specialized design for various industries, Mr. Fageol sees an important place this year for lightweight, short-wheelbase, high payload and high capacity trucks.

**Don't itch for something that you're not willing to scratch for.**

—Anonymous



## Lost: 3 years' profits

(A true story based on Company File #201170)

A few weeks before I was ready to open my farm implement business, I asked an agent to analyze my fire insurance needs.

He made seven recommendations. I agreed to six of them, but turned down *Business Interruption Insurance*.

A year later, he came back at me again, but again I said, "No."

Then, early one December morning both building and stock were destroyed by an explosion and fire. I collected \$15,000 on the building and \$20,038 on the stock. But it was nine months before I was able to rebuild and reopen.

That delay cost me \$11,104 in income — which represents nearly three years' net profits.

Business Interruption Insurance is insurance of prospective income.

Do you make it a point to learn whether *your* customers carry this type of protection?

They're better credit risks when they do! If fire, windstorm or other insured peril temporarily closes down their operations, they're assured of the income that would have been earned to meet continuing expenses (such as taxes, interest, salaries). And assured, too, of the profit they'd have made, had there been no disaster.

Your Hartford Fire Insurance Company Agent, or your insurance broker, will be glad to give you full details about Business Interruption Insurance. Remember, it's not only good protection for your customers to have, but it also deserves a place in your own company's insurance program.

Year in and year out you'll do well with the

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## Before and After Microfilm Processing of Company Records



**BEFORE:** Canyon of unsightly, unwieldy and space-devouring cartons of records. What to do with the problem of the storeroom!



**AFTER:** The vertical column points to the packaged microfilm of a carton's contents photographed by a Remington Rand man.

## From Closed Frontier to Wide Open Office Spaces

**R**EMEMBER the forensic furore following the late F.D.R.'s remark that American expansion



O. A. BURTON

already had reached its frontiers? So far as "wide open spaces" in office operation enter that debate, there is no disputing the fact that microfilming in its various forms has condensed square miles of unsightly cartons of records into a comparatively few shelves of orderly spools of film. In banking alone the frontiers of office space have reopened.

As long as we've had banks there have been records, most of them mandatory. Old laws hang on without the aid of geriatrics, new ones are birthed, business expands—and mounds of papers become mountains.

Simultaneously rises the pressure for physical space needed to store contracts, as the growth of cities forces utilization of every square foot of real estate.

So with the banking business. Osmond A. Burton, assistant comptroller, tells how the Valley National Bank in Phoenix, Ariz., found that even a succession of moving jobs could not keep it out of reach of the constantly stretching tentacles of the Records octopus.

Mr. Burton recalls that whereas in 1920 the ledger pages of a full year's business could be packed into

one storage file and tucked away in a corner of the vault, last year 43 storage files were required for the ledger pages of the main office alone.

"Record storage is more than a mere problem of addition, for we, like all healthy businesses, aim at growth," Mr. Burton said. "As we enlarge our activities, our records mushroom and pyramid. Certain records must be retained for a minimum legal period, and, if possible, most of us keep records far beyond these legal limits."

Then what? Years ago the records of Valley National already had "pushed back the walls of the vaults" and outside storage space was rented, but what seemed ad-

equate room in January again was hopelessly jammed in December, and so came another moving job, with all the "physical inconvenience and loss of time involved in going to and from a remote location when it was necessary to consult an old record."

And then the cost. Mr. Burton estimated at \$300 a year the proportionate value of storage space occupied by ledger sheets alone, and without any increase of annual total bulk, that meant \$6,000 storage space for the 20-year minimum retention period for such papers.

What to do! "We knew, of course, that a single small roll of microfilm would replace approximately one full storage file and that our ledger sheets, thus condensed, would fit into a small space unit easily available in our vault," Mr. Burton explained. "Two reasons for hesitance on making the conversion were the time factor involved in transfer of the records and the question of finding personnel technically skilled for the filming job."

"Eventually these problems turned into men of straw," the executive added. "The business service department of Remington Rand was willing to assume entire responsibility for the task of filming the records, and we contracted with them for this work. Within six months all the ledger sheets of the bank from 1940 through 1951 were transferred to Film-a-record and indexed with the Microdex system for quick reference.

"No investment was made by

### Factors in Record Storage Programs

1. *Space occupied, number of square feet at rental per year per foot.*
2. *Accessibility. Time cost of employees looking up records. (Records stored above average height of 5' 10" require climbing, which adds to time and accident factor.)*
3. *Hazards. Fire, water, dust and mice are normal hazards. War would add others.*
4. *Own microfilm equipment or contract for service? Factors: volume and continuity of work.*



ENTERING the banking business in 1929 as an individual ledger bookkeeper in Tucson, Osmond A. Burton was transferred to Phoenix by the Valley National Bank as an audit clerk dealing with expense control. Assigned to the comptroller's department in 1947 as office supervisor, three years later he was appointed assistant comptroller.

Mr. Burton is a past president of the Tucson and Maricopa (Phoenix) chapters the American Institute of Banking and heads the national membership committee. He is secretary-manager of the Phoenix Clearing House Association.

Valley National Bank in the micro-filming equipment. None of our personnel was required. There was no interruption in the flow of work. Measured against the results obtained and the constant factor of rent for storage, the cost was well within line."

With the small space occupied by the spools, no space problem is foreseeable for an indefinite period, according to Mr. Burton, who noted three areas of economies effected:

**Money.**—Besides the sharp reduction in storage maintenance cost there's the elimination of future moving outlays.

**Time.**—"It is possible to locate a wanted record in less time than it would take a clerk to get ready to go to the warehouse, to say nothing of transit time and the tedious searching through warehouse stacks for the storage box."

**Safety.**—"However well the storage area may be protected, there cannot be the same degree of safety as in the bank's own vault."

Valley National, which plans to extend the microfilm program to other major offices and to other types of records, has set up this operation plan. At each year-end the ledger sheets will be placed on Film-a-record. After six years, the original sheets will be destroyed. The microfilming will continue indefinitely. Finally, original ledger sheets prior to 1940 will be destroyed as they pass the 20-year retention period.

*An egotist is a guy who is always me-deep in conversation.*  
—Marjorie Graham

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# First Step to Prove Need and Benefits of Training

## CONVINCING MANAGEMENT

Quoting Elmer Wheeler, Dr. Kenneth B. Haas presents these three rules to training directors for putting over their programs before top management:

*"Use a fly rod. (Others won't accept your idea until they accept it as their idea.)"*

*"Let the other fellow argue your case. (Give him a chance to disagree with you by presenting your own objections to the idea.)"*

*"Ask (don't tell) and never over-sell."*

**D**ESPITE the momentum gathered by training programs within companies in the past decade,



DR. K. B. HAAS

"the vast majority of top management have little concept of the need in their organizations or of the benefits that could accrue," says Dr. Kenneth B. Haas,

of the department of marketing at Loyola University in Chicago.

Though skillful training directors are making headway, and department managers and professional educators join them in the conviction that their work is necessary, management usually must be sold on the idea, to win their indispensable support.

### Sources of Proofs of Benefits

To convince management, Dr. Haas points out, the exponents of training must be able to provide objective evidence of the need, and too many of them do not know how to go about finding the proof. He cites these tangible sources of such proof:

(1) Requests for training from men and management;

(2) Measuring actual performances against expected standards by performance tests, records and observations;

(3) New policies, concepts and procedures;

(4) Sales and other problems and difficulties;

(5) Long-range departmental plans.

The advantages to be derived, and to be proved to top management, include the following from the managerial viewpoint:

(1) Improved employee morale because confidence and goodwill are promoted.

(2) Greater enthusiasm, engendered by the knowledge that productiveness has been increased, and fear of dismissal has been removed or at least lessened. "No man works well with an ax over his head."

(3) Revelation of weaknesses, because of the close contacts, in training, between employees and their immediate superiors, thus eliminating misfits.

(4) Development of professional stature, through the all-around efficiency that goes with newly acquired knowledge and skills.

(5) Better customer relations, because training helps personnel to "conduct transactions in a swift, sure, efficient and pleasant manner," thus reducing complaints and the instances of return of goods.

Specific benefits of training, cited by Dr. Haas in a seminar at the Sales Executive Club in Chicago, include:

(1) *Increased production.* By achieving efficiency in minimum time, employees' output "reaches a satisfactory level soon after employment" and at less financial outlay by the company than under the so-called exposure treatment.

(2) *Reduced selling costs.* "Good control is not what you spend—it's what you get for what you spend." As an example, the educator notes that a \$100 sales employee poorly trained in selling who produces \$1,500 weekly is much more costly than a \$150 employee, properly trained, who produces \$2,400 weekly. "Unfortunately, too often the emphasis has been on the dollar cost in striving for good control. Expenses

have been cut to meet a conservative figure instead of concentrating on increased production through better training methods."

(3) *Increased individual earnings.* The percentage of selling costs to management falls off as the earnings of trained employees increase. Inseparable are higher wages, lower payroll costs and better trained workers, surveys agree.

(4) *Reduced personnel turnover.* "The cost in dollars of a high rate of personnel turnover is enormous," Mr. Haas emphasizes, for new employees are much more costly. So training benefits employees through greater job security and satisfaction, more promotional possibilities, more economic independence, and a feeling of satisfaction and importance.

(5) *Improved operating methods.* Increased volume through training makes for increased basic payroll, leading to still more volume, improved sales, higher sales estimates, and so on in an upward spiral.

(6) *Less need of supervision.* "Substitution of supervision for good training is a serious and costly error in many business organizations."

(7) *Improved customer relations.*

With the training program worked out, its objectives charted, and expected benefits test-proved, presentation to top management for approval should not be made before the latter's problems are understood.

First, "each element of the pro-

**P**ROFESSOR and chairman, department of marketing, Loyola University, Chicago, Dr. Haas was national training director for Montgomery Ward; business specialist, U. S. Office of Education; and sales training consultant.

He is the author of 11 books and more than 200 articles, brochures, monographs, and pamphlets in the field of training, including the editorship of "Handbook on Sales Training," sponsored by the National Society of Sales Training Executives.



## OHIO BANKING AND INDUSTRY LEADERS PREVIEW THE NEXT THREE QUARTERS



**AT BANK PANEL IN CLEVELAND:** (standing, l to r) D. S. Clarke and O. E. Carlton, vice presidents, Central National Bank; F. A. Sancic, secretary, Harwick Standard Chemical Co., Akron, and president, Akron Association of Credit Men; T. B. Bacon, credit manager, Apex Electrical Manufacturing Co.; (seated) J. L. Munson, credit manager, Lincoln Electric Co.; W. H. Winters, assistant treasurer, Allied Oil Co.; L. F. Bradley, credit manager, Arnold Wholesale Corp.



**PANEL OF NORTH CENTRAL SESSION IN MANSFIELD:** (l to r) Reese Mills, assistant manager, Electric Appliance Division of Westinghouse Manufacturing Co.; James H. Hoffman, president, Mansfield Tire and Rubber Co.; George L. Draffan, president, Ohio Brass Co. In both panels much of the discussion centered upon increased competition and changes in business operation which will be necessitated when production for the defense program tapers off.

### TRAINING

(Begun on p. 24)

gram should be cleared by a representative group of management and the line organization as it is produced," Dr. Haas advises. "Executives should actively participate. It may be advisable to have their names and faces in written materials and sometimes in films. A visual presentation should be made to management, with proof of benefits expressed in dollars as well as potential performance figures."

The alert training director, fully prepared for the interview with top management, will have the facts to back up an attitude of expectation of gaining a vote of confidence.

"This is the time to show, in brief memo, the training objectives and the plans for attaining them," says

the educator. A second sheet could list, for example, 20 or 25 current projects, showing to whom they have been assigned, the dates they are expected to be completed, and those that have priority. A time table might be included.

"The training director could also state, verbally or in writing, that he 'will be happy to give details about any or all the projects upon request.'"

And succeeding memos should be few, and brief.

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INSURANCE**

**Credit Manager:** "Are you going to pay us something on that account?"

**Long Overduer:** "I can't just now."

**Credit Manager:** "If you don't I'm going to tell your other creditors that you paid us in full!"

—Cappers Weekly  
Via V. A. Bingham,  
General Credit Manager,  
Macwhyte Company,  
Kenosha, Wisconsin

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# UP THE EXECUTIVE LADDER

**WILLIAM F. MATSON** has been named assistant general credit manager of the Tidewater Associated Oil Company, western division, succeeding **WALTER V. WOODLIN**, who recently retired. **WALTER J. DIEHL**, who was Seattle district manager, succeeds Mr. Matson in the San Francisco general offices as wholesale credit manager. **FRANCIS M. WALKUP** of Sacramento now has the Seattle position.



W. F. MATSON



W. J. DIEHL

**Mercersburg Academy** and **Lafayette College**, then studied law and business at Case Institute, Western Reserve University and Harvard University. In November, 1951, he was appointed assistant treasurer, following several years in the treasury department. He has been active in civic and community affairs and recently served as captain of a division in the Cleveland Community Fund drive.



F. M. WALKUP



R. L. FORSBERG

**R. L. FORSBERG**, named expense and systems director of the Airtemp Division of Chrysler Corporation, will continue to direct all budget and tabulating functions of the division which has its headquarters at Dayton, Ohio. Mr. Forsberg started with Airtemp as a clerk in the master mechanic's department, advancing to assistant budget director, thence to manufacturing budget director and government property officer. He has a degree in accounting from Miami-Jacobs Business College.

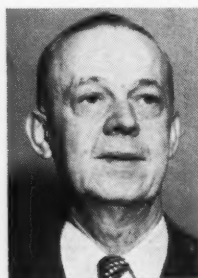
**RODERIC M. WILDER**, who was assistant treasurer of Pass & Seymour, Inc., Syracuse, N.Y., has been named controller. Mr. Wilder, past president of the Syracuse Association of Credit Men, is a director of the National Association of Credit Men.

**HARRY A. PECHER**, treasurer, Skinner & Kennedy Company, St. Louis, has been advanced to vice presidential duties but will continue also as treasurer. Mr. Pecher was president of the St. Louis Association of Credit Men in 1937-38.

Republic Steel Corporation, Cleveland, announces the election of **W. B. BOYER** as treasurer, succeeding **E. G. RESCH**, resigned. Mr. Boyer joined Republic in 1937 as a clerk in the cold strip department of the Cleveland Steel plant. Originally from Pittsburgh, he attended

**HENRY S. AMALONG**, formerly with Wilson and Company in Pittsburgh, and a member of the Food Products Credit Group there, has been transferred to Chicago headquarters, as general credit manager.

**HENRY G. MOHRING**, who was treasurer of the American Electrical Heater Company, Detroit, has been promoted to vice president in charge of finance. **SAMUEL E. SCOTT**, formerly controller, has been advanced to Mr. Mohring's former position.



H. G. MOHRING



S. E. SCOTT

**PAUL R. GROSS** has been named regional manager, treasury department, United States Steel Corporation, with headquarters in Chicago. He will have responsibility for treasury and credit activities in the central area. He succeeds **JOHN K. BANVILLE**, who has been named manager, treasury department, at Pittsburgh. Mr. Gross is a native of Chicago and attended Northwestern University. He is a member of the Illinois Society of Certified Public

Accountants and the Chicago Association of Credit Men. Prior to joining United States Steel he was with the War Assets Administration.

**FREDERIC M. HADLEY**, treasurer, Eli Lilly & Company, Indianapolis, has been named assistant executive vice president. He is succeeded as treasurer by **J. O. WAYMIRE**.

**EDWARD BECKER** has succeeded **CARL GEISLER** as credit and office manager at the Manitowoc Equipment Works, Manitowoc, Wis. Mr. Geisler has been transferred to the sales department.

**HENRY F. EBERFELD**, formerly vice president-finance, Colgate-Palmolive-Peet Company, Jersey City, is now president of the Helder Manufacturing Corporation, Bloomfield, N.J.

Election of **A. L. WEST** to treasurer of the Clearing Machine Corporation, Chicago, was announced by **J. R. BARTIZAL**, executive vice president. Mr. West joined the Clearing organization in 1937 as an accountant. He has been concerned with the firm's financial operations for many years, more recently as assistant treasurer.

**RICHARD R. BURKE** has become affiliated with The Carborundum Company, Niagara Falls, N.Y., and



A. L. WEST



R. R. BURKE

is managing the insurance department. Mr. Burke, who attended the University of Alabama and Northwestern University, had his previous experience in Montgomery Ward and Company in Chicago, first in loss prevention work, then operating manager of the central payroll department, returning from overseas military service to become senior tax assistant in 1946 and assistant manager of the insurance department three years later.

**ORRIN E. BARNUM**, named regional manager, treasury department, United States Steel Corporation, with offices in Pittsburgh, has authority over treasury and credit activities in the area. Mr. Barnum attended the University of Pittsburgh and completed the course of study of N.A.C.M.'s Dartmouth Graduate School of Credit and Financial Management of which he is assistant director, and is national chairman of the committee on administration. He joined Carnegie-Illinois Steel Corporation in 1945 as credit representative, advancing to credit manager five years later. He is a member of the Churchill Borough Council.



O. E. BARNUM



I. J. BILLERA

**I. JOHN BILLERA**, elected treasurer of Pressed Car Steel Car Company, Inc., with headquarters in the main offices in Chicago, had been controller and assistant treasurer of Noma Electric Corporation, New York; from 1946 to 1950 secretary-treasurer of the Edward Ermold Company, New York, and earlier was audit manager of the Sperry Gyroscope Company. He is a graduate of the College of the City of New York.

**W. DON HOOPER** resigned as executive vice president and director of U. S. Products Corporation, a division of Consolidated Grocers, to become executive vice president of Hunt Foods, Inc., Fullerton, Calif., recently. Mr. Hooper had commenced his career with Hunt Brothers Packing Company in 1918 as an office boy, attended business courses at night, and subsequently advanced to plant worker, bookkeeper, shipping clerk, traffic manager, divisional sales manager, and national sales manager. In 1945, after 27 continuous years with Hunt, he joined U. S. Products as vice president in charge of sales. He now returns to Hunt Foods.

**FRED J. HOHMANN**, now credit and collection manager, Victor Adding Machine Company, Chicago, attended Duquesne University while he was assistant credit manager at Boggs and Buhl, Pittsburgh department

store. In 1940 he became district credit manager of Firestone Tire and Rubber Company and was a member of the Credit Men's Association in Akron.

**LEE HIGDON**, formerly with Marsh Steel Company, Kansas City, is now chief accountant at Beech Aircraft Corporation, Wichita.

**JAMES D. CAIRNS**, formerly assistant controller, has been elected controller of McKesson & Robbins, Inc., New York City. Mr. Cairns succeeds H. R. PETERS, whose election as secretary-treasurer recently was announced.

**C. H. EMDE** succeeds **O. E. WOLF** as credit manager of the Roberts, Johnson & Rand division of International Shoe Company, St. Louis.

**GEORGE M. DOYLE**, vice president and cashier, Crocker First National Bank, San Francisco, has been elected vice president and controller, a newly created executive office. **CHARLES J. BRADLEY**, assistant vice president, succeeds Mr. Doyle as cashier.

**C. A. SNOW**, treasurer and controller of the Fort Wayne division of Bowser, Inc., was appointed con-

troller of overall operations of the company, with headquarters in Chicago.

**WILBUR GARDNER**, secretary and treasurer, De Walt, Inc., Lancaster, Pa., has also the duties of vice president of American Machine and Foundry Company, a subsidiary.

Following resignation of **R. W. Lewis**, vice president and cashier, Security National Bank, Sioux City, Iowa, who was moving to California, four changes were made in the official staff. **CHARLES H. WALCOTT** became vice president, **PAUL SNYDER** assistant vice president, **ORVILLE BOE** cashier, and **V. H. CASSEM** assistant cashier.

**FREDERIC W. HEWES**, treasurer, New York Air Brake Company, New York City, has been elected vice president in charge of finance.

The new chairman of the research and policy committee of the Committee for Economic Development is **Frazar B. Wilde**, president of Connecticut General Life Insurance Company, Hartford.

**CHARLES A. TAYLOR**, treasurer and controller of Copperweld Steel Company, Glassport, Pa., has been elected a director.

## Preliminary PENSION STUDY

A preliminary study by our pension and actuarial staff will provide you with comprehensive factual and impartial advice on your company's retirement problems. We operate as pension consultants on a fee basis and our service is built upon years of experience working with all types of pension and profit sharing plans, self-administered, trustee, insured, and combinations of these. Send without obligation for our brochure "Planning a Successful Retirement Program for Your Company."

### MARSH & McLENNAN

INCORPORATED

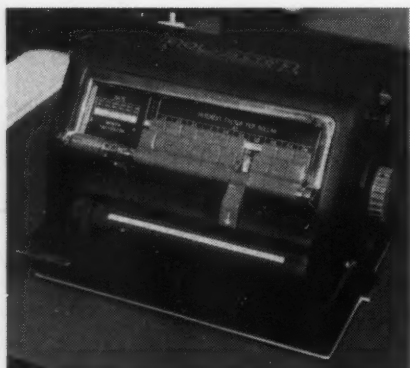
INSURANCE BROKERS • CONSULTING ACTUARIES

Chicago, 231 S. La Salle St. New York, 70 Pine St. San Francisco, Russ Bldg.  
Minneapolis, Detroit, Boston, Los Angeles, Toronto, Pittsburgh, Seattle, Vancouver  
St. Louis, Indianapolis, Montreal, St. Paul, Duluth, Portland, Buffalo, Atlanta  
Calgary, Washington, Tulsa, Phoenix, Milwaukee, Cleveland, Havana, London



# Modernizing for Office Efficiency

*introducing new office equipment and systems to effect economies in labor and costs, as well as to speed production of essential office work*



## Figures Interest Problems Fast

Rol-A-Factor, a new type calculating machine manufactured by the Forster Manufacturing Company, Rol-A-Factor Division, 1425 McLean Blvd., Wichita, Kan., is said to supply in seconds the correct final answer in interest calculations, in addition to a wide range of interest factors, without interest charts, factors tables or scratch pad computations. It is simple to operate. The Calculator is available with a pre-selection of 12 suitable and interchangeable interest rate registers for a variety of business calculations. It is compact in size, adaptable for deskwork, and light enough to be easily moved about the office. Has been tested by the Bureau of Internal Revenue. Write manufacturer for price and data.

## Mobile Amplifier, Built-In Phono

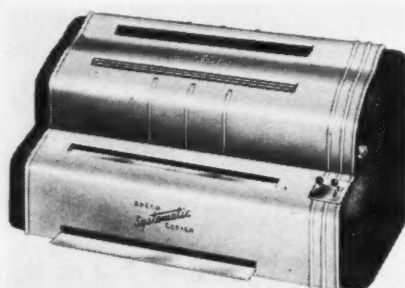
A new phono-top portable amplifier, Model 3723M-B, has been announced by Bell Sound Systems, Inc., 555 Marion Road, Columbus 7, Ohio. Many new features, including a second microphone input, have been incorporated. Two microphone units and built-in phono have separate



volume controls so that intermixing of inputs can be controlled at any desired level. Tone control also is provided, as well as an "off-on" switch, a separate phonomotor switch, and a "stand-by" switch which conserves the battery during intermittent use. The amplifier can be supplied with three speed-motor, and operates on A.C. or D.C. current. The attractively finished steel cabinet has an inclined, lighted control panel, with remote-driven dial indicators.

## One-Unit Photocopy Machine

The new Apeco Systematic Auto-Stat 1 unit photocopy machine is said by the manufacturers, American Photocopy Equipment Company, 2849 North Clark St., Chicago 14, to offer a complete photocopying department in a compact cabinet occupying only 20¾" by 10" space on



desk or table. No dark room is needed. The original to be copied is fed through an exposure slot along with a sheet of No. 1 paper. Then No. 1 and No. 2 papers pass together through the Auto-Stat portion of the one-unit copier. The operator simply peels two sheets apart, and the finished copy is ready in less than 30 seconds, without the use of dark room or drying process. The unit is specially designed to handle letter and legal size copies as well as larger copies up to 11" x 17", and there are no limitations as to type of papers, documents or originals that can be copied, regardless of whether the original is printed on one or both sides or on opaque or translucent paper. Even an inexperienced operator can produce a minimum of 100 copies an hour, says the company. The manufacturers will send a free illustrated booklet and the price, called remarkably low.

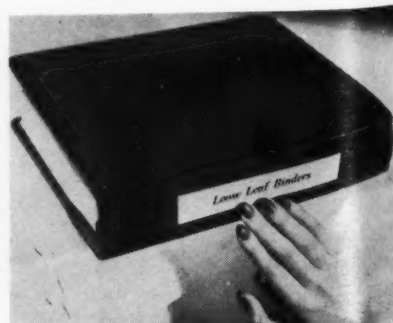


## New Portable Dictating Machine

The simple motion of closing the lid instantly transforms the new 54-CBS-Voice-Master Dictating Machine from its office-dictation use into a self-enclosed and completely portable instrument. This model, manufactured by the Magnetic Recording Industries, 30 Broad Street, New York 4, weighs only 11 pounds. It is provided with a retractable handle and may be taken home, on train or plane. The foldable paper discs, guaranteed for one year's reuse, may be mailed in any standard envelope at six for 3 cents. While the cover may be removed during office use, it also can serve as a convenient correspondence tray for completed dictation.

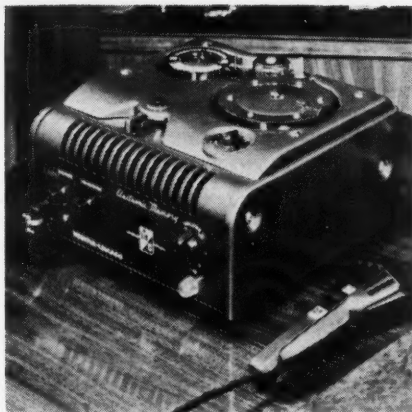
## Pressure Sensitive Label Holder

Backs of loose leaf books, binders, plan and blueprint compartments, parts, tool parts and storage bins, all may be quickly and permanently labeled with the self-adhesive "stick-on" insertable Bind-X label holder manufactured by Cel-U-Dex Corporation, 1 Main Street, Brooklyn 1, N.Y. A transparent plastic window, 1" or ½" wide, in 6" lengths (to be cut to dimensions needed) is backed by reinforcement coated with pressure-sensitive latex adhesive which





adheres firmly to wood, leather, glass, metal, stone, paper fiber and plastics. The user inserts a printed, type-written or hand-lettered label in the window, and changes are possible with little effort. Bind-X may be taken off and put on over and over, and may be had in eight different colors, including clear. Record keepers in banks, insurance companies, public utilities and other offices find it adaptable for blank backs of binders or other books, although for post binders a different Bind-X label, the flange-type, is suggested. For further information or discussion of any labeling problem, write the manufacturer.

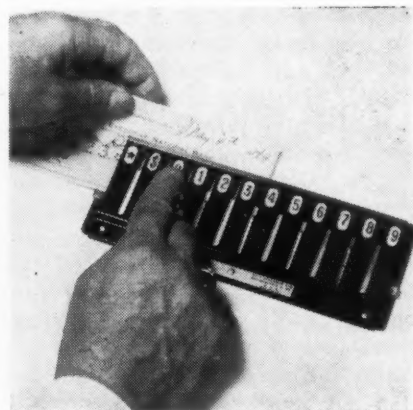


Bloomington Ave., Chicago 39. The complete unit both records and plays back. Using wire as a recording medium eliminates erasing and allows for a full hour of recording without running out. The wire can be used repeatedly with old dictation erased automatically by re-recording over it. The Webcor 228 is compact, letter-head size weighing only 22 pounds and completely portable. A hand microphone with built-in control button is used for dictating, and a foot control to stop, start and reverse for transcribing. Earphones reduce office noise during transcribing. A new folder with complete data is free on request to the manufacturer.

*When writing to the makers of these products please mention that you read about them in*  
**CREDIT AND FINANCIAL MANAGEMENT.**

### Visible Pocket-Size Checkwriter

The Executive Checkwriter is said by the manufacturer, Marcy F. Roderick Company, 3312 Lancaster Ave., Philadelphia 4, Pa., to be small enough to fit into a checkbook, small desk drawer or pocket, and assure standard protection against possibility of check alteration. In a matter of seconds, large legible figures are indelibly perforated in red ink, the symbols indelibly perforated in black



ink, into the fibers of the check. The device, made of steel, styled in bronze hammertone, is enclosed in a durable wallet-style case. It is only 7" long, 3" wide, 1" deep, weighs 6 ounces, needs no oiling or maintenance, and is very inexpensive. Full details sent on request to the manufacturer.



### Here's Concealed and Secret Vault

Safety and a filing system are combined in the new Executive File manufactured by Cole Steel Equipment Company, Inc., 285 Madison Ave., New York 17. This file contains a concealed secret vault for personal papers and other valuables. Only you know the dial combination. Included in the file are two ball-bearing letter files, two adjustable compartments under lock and key, two index drawers for 3x5 or 4x6 cards with a capacity of 6,400 cards. The size is 37½" high, 30½" wide and 17½" deep. It can be supplied in olive green or Cole gray baked enamel finish. This is also available with a plunger-type lock which automatically locks all drawers.

### Radiant Ceiling Introduced

A functional ceiling providing radiant heating, radiant cooling and acoustic control, for offices, factories, public buildings and stores, was demonstrated by the architectural products division of Burgess-Manning Company at the heating and ventilating exposition in Chicago.

### Heads Technical Committee

Named chairman of the technical program committee of the 34th annual international cost conference of the National Association of Cost Accountants is Moritz E. Pape, general auditor, Pacific division, Consolidated Chemical Industries, Inc., San Francisco. The conference is in Los Angeles June 14-19.

### Save Tape and Save Time Also

The Electric Dial-Taper is said by the manufacturers, Marsh Stencil Machine Company, Belleville, Ill., to save 20 per cent in time and gummed tape. The all-electric control provides ready-to-use tape at three feet per second, and any length from three inches to 39 inches may be dialed without pre-setting. Longer lengths may be had by two rapid successive dialing operations. The tape machine is easily loaded and threads itself, with tape 1" to 3" wide, and rolls up to 9" in diameter. Since warm water makes tape stick tighter, a built in water heater with thermostat keeps the water at the right temperature. Brush pressure is adjustable, as is the amount of water fed to the tape. The entire system is removable for easy cleaning.

### "Electronic Memory" Machine

A versatile business machine that can be used with ease for dictating correspondence, taking inventories, recording conferences, sales training and many other purposes involving "remembering" is the Webcor "Electronic Memory" 228 Business Machine manufactured by Webster-Chicago Corporation, 5610 W.

## TOOLS OF CREDIT OPERATION

(Begun on p. 8)

ence. When the credit manager goes into the field he thus will have immediately available all cards for a certain city, while the duplicate may be used for periodic analysis of business from companies of various financial strengths. The card, with file number, will be headed by company name, street number and city.

### **Past Due Notice Form Helpful**

Useful for several purposes is the past due notice form, on which appear the date, account name and address, the invoices by number and date, amount and date due, and comment. This form operates between the accounts receivable bookkeeping department and the credit department. The lines for comment frequently are used to advise the credit department that the account has exceeded its line of credit or that there has been a change in method of paying, either toward slower paying or earning discounts.

## THE PERSONNEL MART

### **Positions Wanted**

CREDIT MANAGER-ASSISTANT TREASURER available. 25 years experience all phases financial duties heavy manufacturing industry. Also familiar with consumers appliance lines. Reply Box 384, CFM.

CREDIT MANAGER. 28 years experience in industrial, oil field, wholesale credits and collection, commercial reporting. Organized credit department for present employer. Active in association. College graduate, postgraduate work; two sessions at Graduate School of Credit and Financial Management. Highest references. Available immediately. Box 385, CFM.

### **Help Wanted**

CREDIT MANAGER for large New York City store. Should have record of successful experience in mass credits and collection; be familiar with modern volume methods and promotional developments for expanding number of accounts and increasing dollar volume; capable of supervising staff and of close cooperation with merchandising management. In reply state age, education, detailed experience, salary desired, availability. Box 386, CFM.

GENERAL MERCHANDISING MANAGER for large New York City store. Must have record of successful top flight experience; broad background in ready to wear, women's dresses, accessories, coats, suits, and children's clothing. In reply state age, education, details of experience, salary desired, and when available. Box 387, CFM.

"Your monthly past due analyses," says Mr. Juengling," might be set up alphabetically, double or triple spaced, for inserting notations as collections are received, with the following columns across the page: name of customer, 150 days and older, 120 days, 90 days, 30 days, and total past due.

Correction of the monthly past due analysis to the current picture, for a new report each month, is facilitated by the remittance advice system or procedure, which presents the advice of remittances or the actual remittances as received each day.

Finally, in the event there are many salesmen in the territory, the general management and the credit department may issue credit bulletins or letters containing information, as on changes of policy, helpful to the selling force.

### **Contact with Sales and Order Units**

A procedure for receiving and passing upon all orders received by the company calls for contact with the sales and order departments to decide upon a system whereunder the credit department can see orders as they come in, before they are booked for production or shipment. For a large business the credit department may have an approval stamp with date; in a smaller organization the credit manager could initial the order, with date and notation as to line of credit if unusual.

With the system set up, when a new customer report comes in the file goes to work. The credit manager checks his active and inactive folders. If there is no entry, he gets the credit agency reference and records this on the credit card. The request-for-experience form is sent out. If all is well, he thanks the customer for the order and advises him of the line of credit. (The credit manager previously may have sent him a form for a financial statement). If unusual conditions for credit are established, they should be stated, thus releasing the order to the sales department and the plant for shipment.

The bookkeeping department permits the credit office to see the ledger sheet after making the first entry, Credit writes in the maximum line of credit, checks the account for correct spelling and the like. If the customer pays promptly

or discounts, the one further contact of Credit—and important—will be to thank the customer at the end of the year.

### **Three-Way Signal of Distress**

The system will notify the credit department in three ways if there is any danger. (1) The accounts receivable in the comment section of the past-due-notice form will enter the fact that the account has exceeded the maximum line of credit, whereupon Credit may place the correspondence file in the live file to follow up, with perhaps a record of the orders received. (2) If the account has not exceeded the limit but becomes past due, the past-due form will be used by the bookkeeping department to signal Credit. (3) This information also will be signaled to Credit on the form for monthly past due analysis of accounts receivable.

Mr. Juengling holds that the chief executive officer of the com-

*April showers bring May flowers, aided, of course, by a little spading, fertilizing, raking, hoeing, planting, watering and pruning.*

—Anonymous

pany "should clearly define the functions of the credit department, give it the necessary authority and outline its basic policies, with the treasurer and sales executive concurring."

To stress his point that the credit manager should "get down to the grass roots of the business," Mr. Juengling takes the case of the credit executive of a furniture manufacturer in Grand Rapids, Mich. A wholesaler of some of the product has its buying office in St. Louis, sells to a distributor in Dallas, who has a customer in Houston. If there were a depression in Houston, the chain reaction concerning the credit man would carry back through Dallas, then St. Louis, to Grand Rapids. Again, different parts of the country react differently to economic developments. It is the credit man's business to know the how and why. Federal Reserve Bank reports will help; visits with credit managers of banks in the larger cities are especially valuable.

Thus, says Mr. Juengling, "the credit department can be an important balance wheel to keep both production and sales departments functioning smoothly and efficiently."



# Legal Rulings and Opinions

## PAY TO SICK EMPLOYEE RULED TAX-EXEMPT

**I**N *Epmeier v. United States*, 199 F. 2d 508, the United States court of appeals, seventh circuit, (Oct. 29, 1952) handed down an income tax decision of more than passing note.

Plaintiff was employed by an insurance company writing life insurance and health insurance. The insurance company maintained a life and health insurance plan for its employees which, in brief, included "free sickness . . . benefits" to full-time salaried employees who pass a satisfactory medical examination. The plan included certain other conditions; for example, the benefits were not to accrue if the employee were paid compensation under any Workmen's Compensation Act. The employee made no contribution by way of premium other than his labor and service in his employment.

The employee was ill the first six months of the tax year, and the company paid him \$1,800 in sickness benefits. It may be assumed that these benefits were somewhat equivalent to the regular salary.

The internal revenue commissioner assessed a tax for this amount. The plaintiff filed a claim for refund, and, upon denial, brought suit to recover the income tax paid.

The circuit court of appeals held the money paid by the employer was exempt from income tax under the statute (Section 22 [b] [5]), being considered insurance proceeds.

The conventional definition of insurance was recalled by the Court: "Insurance, of ancient origin, involves a contract, whereby, for an adequate consideration, one party undertakes to indemnify another against loss arising from certain specified contingencies or perils."

Though the plan was not contained in any formal insurance contract such as is sold commercially, this was immaterial. Said the court: . . . "we know of no reason why this insurance, when provided as part of the contract of employment between employee and employer, must follow any stereotyped or conventional form . . . We conclude that the fact that there is no formal contract of insurance is immaterial, if it is clear, as here, that, for an adequate consideration, the company has agreed." . . . Though it was described as "free," the court considered this to

mean that it was not gratuitous, but that it was an additional factor of the employee-employer relationship; it meant merely that the employee need not pay any premium other than that which was included in his services to the employer.

Since the employer, in this case, was an insurance company, we are still not too sure that this decision would be followed in the event that a non-insurance employer were to set up the same kind of plan. A company must have the authority, set forth in the statutes, to engage in the insurance business. Yet, for tax purposes, it might be considered in the same way.

### No Priority to C.C.C.

The Commodity Credit Corporation, governmental agency, was not entitled to priority in an assignment-of-claims decision rendered by U.S. District Judge James M. Carter, Los Angeles.

M. W. Engleman, as assignee for the benefit of creditors of Walter E. Peters, a grain dealer, had filed an action for declaratory relief against the Commodity Credit Corporation after the latter had asserted right of priority by virtue of the fact that one of the creditors of the assignor, Peters, had assigned his \$98,000 claim

to that corporation. The assignment took place six months after the execution of the general assignment for the benefit of creditors by Mr. Peters. The corporation was not a creditor of the assignor at the time, and apparently this was the crucial point upon which the decision was based.

The court upheld the contention of the assignee and decided that the corporation was not entitled to priority under Section 3466, Revised Statutes of the United States.

### Retail License Required

A retail license is required of one who sells merchandise to anyone for any purpose other than resale, under City of Los Angeles Ordinance No. 98,964.

The ordinance applies to wholesalers making sales to contractors, according to the interpretation by the city license bureau.

### Bank Examination Fees

Bank examination charges paid under protest to the state bank commissioner of Utah were not fees, license or occupation taxes, and so did not meet constitutional requirements for taxes on tangible or intangible property, the state supreme court ruled in upholding the claimant bank and affirming the lower court in *Commercial Bank of Utah v. State*.

The supreme court stated that "it is sufficient if the fee is worked out on an average or bracket basis . . . provided that in no case is the standard fee unreasonably in excess of the value of services rendered."

## Do You Know - - -

### About Errors and Omissions Insurance ?

It is designed especially to protect you against loss on mortgaged real property due to error or unintentional omission by any of your officers, employees, or agents, in arranging proper insurance coverage. It's amazingly inexpensive. Our agent will be glad to explain — write today !



THE  
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Hartford, Connecticut  
Equitable Fire & Marine Insurance Co.  
Providence, Rhode Island  
Minneapolis Fire & Marine Insurance Co.  
Minneapolis, Minnesota

The Central States Fire Insurance Co.  
Wichita, Kansas  
Atlantic Fire Insurance Co.  
Raleigh, North Carolina  
Great Eastern Fire Insurance Co.  
White Plains, New York  
Reliance Insurance Co. of Canada  
Montreal, P. Q., Canada



# Guides to Improved Executive Operation

## KEEPING INFORMED

**FIDELITY BONDS—AN INFORMATIVE REVIEW FOR ACCOUNTANTS AND AUDITORS—**A publication designed to give the accountant or auditor the essential background he should have with regard to fidelity bonds. A foreword emphasizes the relationship between the accountant and his client. The booklet goes into detail concerning various forms of fidelity bonds available for commercial enterprises. Write Educational Department, Surety Association of America, 60 John St., New York, N.Y.

**WHAT BUSINESS SHOULD EXPECT OF THE NEW ADMINISTRATION.** By John S. Coleman, President, Burroughs Adding Machine Co., Second & Burroughs St., Detroit 32, Mich. Address given before the Economics Club of Detroit. Discusses economy, tariff, foreign economic policy and the need for cooperation between business and government. Write Burroughs for free copy.

**A SURVEY OF INVENTORY CONTROL IN 37 SMALL COMPANIES.** One of the Small Business Aids available through the U. S. Department of Commerce. Write 221 N. LaSalle St., Chicago 1, Ill. Ask for No. 264. Free

**FINANCIAL MANAGEMENT FOR THE SMALL BUSINESSMAN.** By L. A. Tungate, Manager, Foreign Accounting Division, Libby, McNeill & Libby. Published by Chapman & Grimes, 30 Winchester St., Boston. \$3. This 132-page book is an excellent, brief discussion of budgets, inventory budgeting, cost control, financial statements, ratios and turnovers.

**BASIC NUMBER SKILL TEST and VERBAL INTELLIGENCE TEST** are two of several test programs available from Aptitude Associates. In the BNST "package," besides the 50 problems to be completed in 60 minutes, there are a scoring key and a manual of instructions and norms, prepared by William J. Morgan, Ph.D., and Antonia Morgan, M.A. Write Aptitude Associates, Box 1128, Washington, D.C.

*Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.*

*To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 33 So. Clark St., Room 1538, Chicago 3, Ill.*

## EFFICIENCY TIPS

**279—CRESTLINE OFFICE PLAN—RULE—**A full foot rule with quarter-inch scale, plus scale templates to make laying out an office an easy and pleasant job for all furniture units, with the new Crestline steel office furniture catalog, is available on request from Security Steel Equipment Corporation.

**280—Smith-Corona Typewriters, Inc.** has a new pocket size brochure, **TIPS FOR TYPISTS**, which is packed with practical suggestions, typing methods and short cuts of all kinds for more efficient use of equipment.

**281—Todd Company's brochure, CHANGE PAYMENTS INTO PROFITS WITH CHECK BEAUTY**, outlines methods designed to increase company prestige through effective check design. Contains samples of checks from various wellknown companies.

**282—Monroe Calculating Machine Company** offers **QUALITY CONTROL, SOME MONROE SHORT-CUT STATISTICAL METHODS**, describing how to cut statistical figuring in half and save valuable man-hours.

**283—Radio Corporation of America**, in a new booklet, describes **MODERNPHONE**, interoffice communication system, which can be obtained to serve 3 to 30 stations, and includes hand-set privacy and pushbutton operation.

**284—Ebasco Services** offers **THE INSIDE STORY OF OUTSIDE HELP**, telling how as business consultants they can give special assistance in engineering, construction or any phase of business operations, building and financing.

**285—Yawman & Erbe Manufacturing Company's** new catalog 3704 covers in detail all equipment necessary to overcome any filing problems you have. Covered are index-card filing systems, direct reference, expanding index, sorting and reference control. All illustrated.

## BOOK REVIEWS

**HOW TO SAY A FEW WORDS—**By David Guy Powers. \$2.50. Doubleday & Company, Inc. 575 Madison Ave., New York 22, N.Y.

† Dr. Powers has a formula for putting your ideas across, based on 20 years of teaching and research. By following this he feels you can gain poise and confidence, learn to think on your feet, present your thoughts dramatically, accentuate your ideas and sell them, and become a better speaker. The book explains in simple language every step in a plan to increase influence and prestige by making the reader a more persuasive and dynamic individual.

**SOLVING PUBLIC RELATIONS PROBLEMS—**By Verne Burnett. \$3. B. C. Forbes & Sons Pub. Co., Inc., 80 Fifth Ave., New York 11, N.Y.

† The author explains a basic formula for seeking the nub of complex problems in public relations and solving them. This generalized formula can be adjusted to differing circumstances. Good suggestions on background reading and short case studies and illustrations make this a well organized book, so fundamental it could be used as a standard reference.

### Received for Review

**THE POWER OF POSITIVE THINKING—**By Norman Vincent Peale. Price \$2.95. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.—Dr. Peale proves by experiences that an attitude of mind can change lives, win success and overcome obstacles by the application of faith and optimism as guides to positive thinking.

**THE EVALUATION OF RECEIVABLES AND INVENTORIES AS AN INTEGRAL PHASE OF CREDIT ANALYSIS—**By Edward F. Gee. Price \$5. Bankers Publishing Company, Cambridge, Mass.—Mr. Gee, vice president of a Richmond Bank, considers current trade receivables and balance sheet inventories the most significant considerations in a sound commercial loan decision. He discusses commercial analysis and financial factors involved, balance sheets, bad debt losses and reserves, and many other phases, including special inventory methods.

*Books reviewed or mentioned in these columns are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.*



# Credit Interchange Bureaus

CENTRAL OFFICES  
512-514 Arcade Building  
ST. LOUIS 1, MO.

of the NATIONAL ASSOCIATION  
of CREDIT MEN

Report on

WASHINGTON JAN 5, 1953  
102 ST.,  
COUNTY

The accuracy of this Report is guaranteed. It contains information in good faith from members and is not to be used for any purpose without liability for negligence in its use.

BUSINESS CLASSIFICATION	YRS	LAST SALE	AMOUNT CREDIT	AMOUNT DEBIT	PAST DUE	DATE	DISCOUNTS	PAYING RECORD	COMMENTS
TACOMA 1219-87									
Bldg M	yrs	11-52	242	108	2-10-30				
Prtg	yrs	12-52	15543	4328	2-10-30				
Paper	yrs	12-52	51		N 30				
Bldg M	yrs	12-52	864	618	1-10-30				
	yrs	10-52	184		2-10-30				
LOS ANGELES 1222-1077									
Bldg M	10-50	12-52	859	87	1-10-30				
Chem	yrs	12-52	462	198	2-10-30				
NORTHERN & CENTRAL CALIFORNIA 1222-843									
Food P	yrs	10-52	3300		1-10-30				
Bldg	yrs	12-52	681		COD				
ST. LOUIS 1223-256									
Elec		12-52	5000	4318	10				
OHIO & INDIANA 1223-239									
Paper	yrs	2-52	1006	439	1-10				
SEATTLE 1222-339									
Bldg M	yrs	12-52	1000	1096	814	1-10-30			
Elec	yrs	10-52	6417		1-10-30				
Paper	1-41	12-52	109		2-15-30		x	Account closed. Too slow	
EVANSVILLE 1223-101									
Refr	1951	12-52	1707	919	N 10th			x	
MILWAUKEE 1223-598									
Paper	yrs	11-52	2716	442	442	2-30			
Dr 98 NR									

Credit Losses UP Business Costs UP.  
When credit losses rise, the cost of goods sold is bound to increase.  
How can this be overcome?

## SELLING PRICES can be raised—

but that puts the seller at a competitive disadvantage. You can guard against losses, however, without increasing prices. Thousands of Credit Executives do. They protect their receivables by using the reports that give them *advance* information of impending trouble—like the Credit Interchange report shown here. These reports tell you the *facts* about the customers' paying habits—comprehensive, reliable information from the ledgers of *many* suppliers—in *all* lines of business—from *all* parts of the country. And this information comes to you as the result of a *single* inquiry.

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## Fit Foreign Policy to Mutual Freedom And Tell the World, Trade Council Asks

Every principle, policy and action of America "must be directed consciously and deliberately toward the promotion of our national security and well-being and the preservation of our freedom," says the Final Declaration of the 39th National Foreign Trade Convention, held in New York City.

Specific courses of action recommended to effectuate such a foreign economic policy include the following:

- (1) Our Government should make clear to the world that our foreign policy is fashioned to promote mutual security and freedom;
- (2) We should use our political and economic power to promote increased production and availability of materials, at the same time expecting all nations to accept their obligations;
- (3) We should seek to broaden the opportunities to private enterprise in all international endeavor but without trying to impose our system upon others;
- (4) Essential to obtaining conditions here and abroad for attracting investment of private capital and its skills are limitation of taxation of income to the country in which it is earned; "recognition

of the sanctity of contract; freedom from discrimination on the ground of nationality of ownership; freedom from compulsion as to local equity participation or local management control; freedom from discriminatory or destructive taxation; the right to full convertibility of earnings on capital invested, including reinvestments; and assurances, in the event of expropriation, of prompt, adequate and effective compensation";

(5) Conclude treaties of friendship, commerce and economic development, tax treaties and other agreements conducive to such result;

(6) Make clear that American public funds will not be made available for projects which properly can be financed by private capital;

(7) Our Government should not enter arrangements imposing restrictions on distribution or use of commodities in international trade; and

(8) The United States, leader in the struggle against economic nationalism, must see that its own international trade practices are consistent with the principles it advocates.

The Convention went on record



*PATIENCE is the first order of business for business, because the new Administration at Washington for all its friendliness toward commerce and industry cannot change overnight the applications of some of the policies that radiated from high places in the last two decades, Anthony von Wening, vice president of the A. O. Smith Corporation, New York, told the Wisconsin-Upper Michigan credit conference at Oshkosh.*

*Left to right: Frederick H. Schrop, N.A.C.M.; M. G. Dieck, West Side State Bank, president of the Green Bay association; O. A. Jackson, second vice president, Continental Illinois National Bank and Trust Company, Chicago, who discussed foreign credit problems; Mr. Von Wening; Robert L. Wollangk, United States Motor Company, president of the Central Wisconsin association.*

### DICK TOBIN DIES

Richard G. Tobin, Secretary of the national publications and sales committee of the National Association of Credit Men and Secretary of the national nominations committee, died March 11 after a long illness and was buried March 14 from the Zion Church in Douglaston, L.I., N.Y.

Mr. Tobin, who had been editor of *Credit and Financial Management* until January, 1952, continued as associate editor during his illness and directed public relations of the association from the New York headquarters.

A complete biography will appear in the May issue.

against imposition of any new tariff duties, import taxes or other actions to impede imports, and called for immediate action "to remove all specially legislated import taxes (distinct from tariff duties), all unwarranted sanitary regulations and all other subterfuges designed to check the flow of imports."

American business is urged to look upon exports as an essential and permanent part of operations; immediate removal of all export price controls is called essential; and the hiring of technical assistance for Government account is branded as both unnecessary and inimical.

The Convention, sponsored by the National Foreign Trade Council, Inc., expressed its opposition to the proposed International Finance Corporation, to participation in the proposed International Development Authority and the International Materials Conference or "in any other intergovernmental organization which seeks to establish a system of continuing controls over the production, distribution or prices of commodities moving in international trade."

### Credit Fraternity Reelects

A new plan of procedure in job counseling and rehabilitation programs of the Credit Men's Fraternity, Inc., New York City, was announced by the reelected president, Albert H. Bullwinkel, of Bachmann-Uxbridge Worsted Corporation. Paul E. Hunter, of Pacific Mills, was reelected chairman of the board of the Fraternity.



# CREDIT MANAGEMENT

*Highlighting News Activities—National, Regional, Local*

## Convention Plans Racing Into Home Stretch

By **JOSEPH LANGLEY**  
*Drummond, McCall & Co., Ltd.*  
*General Convention Chairman*

MONTREAL has different meanings to different people, but for May 17-21 it means precisely one thing, a record meeting of the minds of credit leaders of the United States and Canada, at the Second International Convention and 57th Annual Credit Congress, co-sponsored by the National Association of Credit Men and the Canadian Credit Men's Trust Association.

The First International Convention, held in Toronto in May, 1940, was outstanding for the bountifully displayed spirit of goodwill which permeated each of the many activi-

ties. Credit organization has come a long way in the more than half-century of progress pointing the high road to Montreal this year.

All committees are rounding the far turn of preparations and heading into the home stretch. Negotiations are nearing consummation for the speaking programs of the plenary sessions; already in hand are as-

surances of addresses with messages of timely and even urgent import. Also being finalized are the topics of the Industry Group Meetings. (The May issue of CREDIT AND FINANCIAL MANAGEMENT will present names and themes in both areas.—Ed.)

Hotel arrangements have been  
(Concluded on following page, column 3)

## Panels in Industry Sessions

By **G. J. LECLERC**  
*The B. F. Goodrich Company*  
*of Canada, Ltd.*  
*Chairman, General Industry Meetings*  
*Committee*

THE PANEL discussion, faucet for tapping many ideas in few minutes, will vie with addresses pooling experiences in a single presentation, in the programs now being readied for the sessions of the Industry Groups at the Second International and 57th Annual Credit Congress in Montreal May 17-21.

Tuesday, May 19th, is the big day for the Group gatherings, with 28 of them in preparation and meeting room accommodations already assured at the leading hotels. Balancing the fact that none of the individual hostels can house all the simultaneous sessions are the close proximities of the hotels and the arrangement of comfortable meeting halls at the several centers.

### *Swapping Ideas for Progress*

Study and exchange of ideas stimulate every type of executive. We credit men are no exception. Your annual Credit Congress and Industry Sessions provide just the opportunity we need to bring ourselves up to date on the latest methods, ideas and practices for performing our tasks more effectively.

Can you think of anything more helpful than to compare notes with leading credit executives in your industry from all parts of Canada and the United States? The Indus-

try Meetings are organized for this purpose. They will deal with matters pertinent to the individual industry, as a supplement to the broad general credit and economic features of the plenary program. In these Industry Sessions we discuss our mutual problems, out of which come many useful ideas to take home and put into effect in our own businesses.

### *Outstanding Speakers Assured*

It is a gratification to be able to report that the programs being prepared for the Industry Sessions are the finest and most complete I ever have seen. Outstanding speakers and discussion leaders of Canada and the United States have been selected to discuss topics of vital interest to members of individual industries in their day to day work.

The aim of all industry chairmen and their committees has been to develop programs relating to problems peculiar to their own industries. It is their hope that you will return from Montreal not only with pleasant memories of the many fine people you have met but also with many new ideas and suggestions for your specific business problems.

Plan now to attend the Credit Congress in Montreal in May and particularly your Industry Meeting. You will find that the money and time could not have been better invested. We are looking forward to meeting all our friends below the border. You will be most welcome.



**JOSEPH LANGLEY**

General Committee chairman of the Second International and 57th Annual N.A.C.M. Credit Congress, Joseph Langley has been active in organization of the profession since 1921, when he joined the Canadian Credit Men's Trust Association. Credit manager and chief accountant of Drummond, McCall & Co., Ltd. (wholesale metals), Mr. Langley is a national director of the Quebec Division of the C.C.M.T.A., was president in 1944-45 and a governor for ten years. Colin C. Campbell, vice president and secretary-treasurer of W. Clark, Ltd., was compelled to resign the chairmanship because of the pressure of business.

## Did you ever stop to think that . . .

- you can cut down credit problems, losses and worries, by having **ONE** reliable source of information and guidance on credits.
- you can have fingertip reference to the proper credit procedures you must follow in the light of recent amendments and new laws (both Federal and State) which relate to contracts, sales, cancellations, and collections.
- you can get maximum recovery out of accounts that take an unfavorable turn, by using the effective collection procedures explained in the Credit Manual.
- you can steer clear of credit contract problems, by using the Credit Manual to see what to do and what to avoid in making a contract . . . what your rights are and what your obligations are.
- everything you need for safe, sure guidance on how to handle credits is at your fingertips in the new

1953 Edition

## CREDIT MANUAL of COMMERCIAL LAWS

**It can SAVE YOU HUNDREDS OF DOLLARS in time and money in your handling of Sales, Credits, Collections, Assignments, Judgments, Notes, Liens and other matters that arise regularly in your business.**

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## MONTREAL BECKONING

(Concluded from preceding page)

completed for the accommodation and comfort of guests, and the red carpet is ready for the unrolling. Entertainment committee members are lining up the last of the specialties for relaxation of delegates after the busy days of idea-sharing in sessions, and for an equally busy and interesting program for their families.

Reflecting these stirring times in the business life on both sides of the "Border" are the reports of a huge attendance mark for the convention. From Canada alone the expectations are for 600 to 700 registrants.

There is a close parallel between the sociological distinction of Montreal as a meeting place of the Old World and the New, and the conjunction of business ideas assured at the convention. Four centuries of French, British, European and American influences have contributed to the growth of the city where 80 per cent of the two million population claim French as their mother tongue—the second largest French-speaking city, after Paris.

When Jacques Cartier first visited the site, in 1535, it was an Iroquois town of 50 "long-houses," called Hochelaga. The panorama he viewed from atop a neighboring promontory prompted him to name it Mount Royal. For nearly three-fourths of a century after the explorer returned to his homeland no white man visited the place, so far as is known. Then, in 1642, a band of French colonists headed by Paul Chomedey Sieur de Maisonneuve established a permanent settlement, Ville Marie de Montreal. Out of these beginnings emerged a world city.

#### All Roads Lead to Montreal

Strategic topographical features lent a hand in that development. As with the mother country, where "all roads lead to Paris," so Montreal became not only a principal trading post for the pioneers but a continuing cross-roads of travel, because of the confluence of the St. Lawrence and Ottawa rivers, plus the fact that inland navigation came squarely up against the Lachine Rapids. As land communications opened, Montreal was the hub for roads and highways due to the surrounding terrain, and perhaps especially for railroads. As war pushed air transportation into significance, Montreal straightway acquired note as a principal skyway terminus, domestic and international.



# There's Five-Way Tonic for Good Credit Operation In Give and Take of Industry Group Meetings

**B**AROMETERS of changes in the paying habits of customers, Industry Credit Group Meetings bring into the open sufficiently new and accurate facts to help credit managers determine their own methods of procedure.



M. V. INGRAHAM

M. Virgil Ingraham, office and credit manager of the Stockton (Calif.) Iron Works and active in committees of the Credit Managers Association of Northern and Central California, underscores these five of the many benefits from attendance and participation in the Group sessions:

1. Continuing checkup on "problem accounts."
2. Measure of progress of a struggling business.
3. Supplementation of Interchange reports.
4. Source of unusual background information.
5. Exchange of data through friendship of fellow credit managers.

The sales departments of companies also reap advantages from these meetings, Mr. Ingraham points out, by obtaining advice in these directions:

1. Revision of C.O.D. accounts.
  2. Increasing credit limits.
  3. Learning safe methods of selling difficult accounts.
- "Most of us," says the executive, "have some accounts which are chronic delinquents. Perhaps the reason we do not place them on a cash business is to lend encouragement to salesmen who are convinced they are, or will be, good accounts. We in our own business make it a practice to submit the names for discussion every two or three months, each time noting them on our calendar for mention at the next meeting. This precaution has kept us from a number of credit losses."

Suppose an account is a bit short of operating capital, though the owners are capable and hard-working. "For protection we keep informed

as to how they are progressing," he explains. "At the first indication of difficulties we discuss the situation with them and at times we can be of considerable assistance in restoring them to a sound basis, thus both preventing a loss and helping the sales department develop more business."

And when several suppliers indicate slow pay? "We might not object to a few 30 or 60-day accounts, when the majority are in the 'when due' column. Unfortunately, the trade clearance rarely reflects the unusual collection effort expended on some of these 30, 60 and 90-day accounts—the number of letters, phone calls, personal visits. The report won't show this, but the credit man can tell you in confidence that the account is very troublesome and bears watching."

Unusual background facts usually

---

**B**ESIDES his duties as office and credit manager of the Stockton (Calif.) Iron Works, M. V. (Virgil) Ingraham as an ordained minister serves the Thornton Community Church.

Born at Klamath Falls, Ore., when the family moved to Manteca, Calif., he won scholastic honors in high school, and continued his studies in business school at Stockton.

---

can be had from those in the Group who know the account personally, Mr. Ingraham notes.

Thus—"take the case of the individual whose wife is divorcing him and likely will win a substantial cash settlement. This drain on his bank account can very easily make it impossible for him to meet his business obligations. Then there is the case of the contractor who has suffered a severe loss on his contract. Someone within the Group, learning this, passes it along immediately to the others. Or there is the company which recently has experienced a fire loss or other disastrous misfortunes. To receive this information quickly is of considerable value to other creditors."

A sharing of common interests is characteristic of the acquaintanceships formed at the Group meeting. "As friends we give and receive

much more information than would otherwise be the case," according to Mr. Ingraham. "Recently a member phoned me long-distance that a mutually bothersome account had just received a large sum of money, and he had collected his balance in full. I lost no time visiting the customer and I also received full settlement. It is doubtful the credit manager would have taken the trouble to call me had we not become, through the Group meetings, far more than casual acquaintances."

## How Group Meetings Aid Sales Staff

Mr. Ingraham gives specific instances of the working of the Group meetings to the advantage of the sales departments.

"We have been selling a firm on a C.O.D. basis. The principals by careful management now work themselves out of that category and are worthy of credit privileges. Comparison of several successive Interchange reports indicates progress—a signal to submit the name for discussion. Those in the Group personally acquainted with the situation help reveal an improved situation warranting revision of the account's rating. We then encourage our sales department to resume active solicitation of the business."

A somewhat similar case: a customer struggling for existence for a long time has been on a very low credit limit. "Through the Group's discussion we learn his overall condition has shown marked improvement. We obtain current credit reports, check with his banker. Now we can safely increase his credit limit. The sales department is appreciative."

Take the case of receipt of a credit application from an account in difficult circumstances. Some member reports to the Group he has discovered a safe way to sell the account. "The latter may not wish to accept C.O.D. shipments but it is helpful to know he is willing to honor trade acceptance, give assignments or use similar means to pay for your merchandise."

"My absence from a Group meeting," says Mr. Ingraham, "might cost my company a considerable sum, so I dare not miss."



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- how performance can be appraised
- how to evaluate your salary structure
- what qualifications are needed for promotion

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- how to evaluate its Credit Department positions
- how its pay rates compare with those of other companies
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- how to sustain the interest of credit personnel

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#### J. D. Anderson Secretary of St. Joseph Credit Chapter

At 28 the executive secretary-manager of the St. Joseph Valley Chapter (South Bend, Ind.) of the National Association of Credit Men, J.D. (Dick) Anderson brings to the service of the profession legal experience both as a reserve officer in the judge advocate general corps and private practice. He is a member of Toastmasters International.



J. D. ANDERSON

Graduate of a parochial school in Paducah, Ky., Mr. Anderson enrolled at the University of Notre Dame on a scholarship. Entering the Army, he studied at the Citadel in Charlestown, S.C., and Johns Hopkins University, Baltimore, before requesting overseas duty and serving a year in combat in Europe. After getting a law degree at Notre Dame he passed the Indiana bar examinations and began private practice, but was recalled to military duties and for a year and a half handled criminal cases, returning to private practice last fall.

Mr. Anderson, who is married and has two children, succeeds Walter J. Wissel, who has accepted the secretary-managership of the Grand Rapids Association of Credit Men.

#### Theodore Kleine Honored Chief Of Paint Credit Association

Succeeding Mortin Smolin as president of the Paint & Allied Industries Credit Association, affiliated with the New York Credit and Financial Management Association, Theodore H. Kleine of the Valspar Corporation's Valentine & Co. Division was honored at the annual inaugural dinner.



T. H. KLEINE

Mr. Kleine, active in the Paint & Allied for 25 years, a director in 1932-4 and president in 1936, is a member of the National and the New York Paint, Varnish & Lacquer Association. He was a director of the New York Credit and Financial Management Association from 1945 to 1949.



E. E. PORTER



C. P. KING

### Porter Is Seattle Association's Manager; King Has Law Office

With C. P. King retiring March 31st and opening a law office, E. Earl Porter begins his duties as executive manager of the Seattle Association of Credit Men.

Mr. Porter, a career man in service of the association, joined the staff in 1930 as an accountant, was advanced to auditor in 1932 and elected assistant secretary-manager eight years later.

From high school he went into business with his father. When the business was sold he accepted a position in San Francisco and studied accounting in business college at night. He continued this processing of education while accountant with the Puget Sound Navigation Company in Seattle.

Mr. King, who was graduated in law from the University of Washington in 1910, has been secretary-treasurer and manager of the association since 1930. After a year of teaching school and coaching athletics he entered the credit department of the Seattle Hardware Company as a collector and moved up to credit manager, resigning to become head of the credit department of A. M. Castle and Company.

His 23 years of service to organization include national and local offices. In N.A.C.M. he was a board member two years, on the board of governors of the Credit Interchange Bureau, and chairman of the Secretarial Council.

Mr. King was president of the Seattle Association of Credit Men in 1921-22, was on the board of trustees of the Seattle association and its subsidiary, Association Collectors, Inc. He was vice-chairman of the Seattle convention committee for the N.A.C.M. Credit Congress in 1928.

### Sites Succeeds Allison

G. W. Sites of the Times-Mirror, Los Angeles, chairman, Advertising Media Group for the Montreal Credit Congress, has been named treasurer of the Credit Managers Association of Southern California, succeeding Joe Allison, resigned.

## Transition Period in '54-'55 to Herald Spurt Later in Decade, Say Panelists

**B**BETTER BUSINESS throughout at least most of 1953, with variable prospects thereafter, sums up the forecasts in a panel discussion by banker, educator and company statistician, before the Rochester Association of Credit Men, with Frank E. Holley, assistant credit manager of the Eastman Kodak Company, in the role of moderator.

Here is the way the speakers see it:

### PROSPERITY AHEAD

**J. Wallace Ely, Executive Vice President, Security Trust Company, Rochester:**

**I**T IS POSSIBLE that a minor reaction may take place toward the end of '53 or '54, but whether or not this takes place, it seems to me quite likely that we will enjoy a period of unprecedented prosperity throughout the 1950's.

Most of the pessimism voiced is predicated upon our having subconsciously accepted the propaganda that we have been in a highly prosperous period the last 20 years. When adjustments have been made for increases in the population, elimination of production for war purposes and the effect on prices of monetary inflation, we have not really had it so good.

Businessmen in general and investors and the public in particular have lived through two decades of harmful regulation, business baiting, governmental interference with wages, prices, and activities. Strife between management and labor was encouraged, business persecuted; attempts were made to confiscate business; heavy taxes all but wiped out the profit incentive. This atmosphere prevailed for such a long time that we almost began to believe elimination of waste in government spending would cause a recession.

I do not believe the new administration can solve all the country's problems in short order. However, I do believe it will create an atmosphere of understanding cooperation among various classes, eliminate waste, reduce spending, and make a start toward lowering taxes.

### OUTLOOK FAVORABLE

**Professor Jack Taylor, Department of Economics, University of Rochester:**

**T**HE SHORT-TERM business outlook through 1953 is very favorable, with the possible exception of the unsettling effect of serious labor unrest.

The years 1954 and 1955 are the critical times. During this period

there could be serious economic troubles, both domestic and foreign. There is likely to be a recession but it need not be followed by depression, if management starts planning now. Otherwise a big "bust" could easily come in 1954 and result in a depression comparable to 1938-1939 before it is checked. Now is the time to shorten sail to ride out squalls and storms.

Beyond 1955, assuming no all-out war or major depression, our economy should go from strength to strength. "Don't sell America short" is still the soundest basis for long-run economic policy.

### BETTER THAN 1952

**J. F. Teegardin, Statistical Department, Eastman Kodak Company:**

**A** DOMINATING influence in the trend of the U. S. economy for more than two years have been the federal expenditures for national defense. Underlying the ideas expressed here is an expectation there will be a further rise in defense expenditures this year to about \$58 billion, the peak coming approximately the third quarter. Somewhere around that level, defense spending is assumed to continue about a year, until the third quarter of 1954.

The rapid recovery of durable goods production following resumption of steel production was a striking feature. Moreover, the working off of excess inventories, a continuing gain in buying by the public, expected continuing high levels of plant and equipment expenditure, and continuing high total of new construction, are factors likely to hold business high and bring moderate gains in 1953.

Defense spending will pass its expanding phase late this year, and the economy will enter an interval of transition.

Population gains, a generally improved atmosphere, and completion of adjustments to withdrawal of the stimulants in the defense program seem likely to lead to an upward trend for several years after 1955.



### Peace Economy Is Best Soil For Business, Says Whitney

Business in America prospers much better in a so-called peace economy than under war preparedness, members and guests of the New York Credit and Financial Management Association were told at their 58th annual banquet by Robert A. Whitney, executive president of the National Sales Executives, Inc.

### J. E. Woodmansee Dies

The death of J. E. Woodmansee in Kansas City, Mo., ended a career with a Horatio Alger coloring. Starting as office boy at the Richards and Conover Hardware Company, Mr. Woodmansee advanced all the way to the presidency. He was president of the Kansas City Wholesale

Credit Association in 1921. All Kansas City is familiar with his contributions to civic projects and charitable institutions.

### Claude S. Allen Dies

The death of Claude S. Allen removed the last surviving charter member of the Louisville Credit Men's Association. Mr. Allen was president of the association in 1936-37, the period in which the association purchased its home building.

### Bar Asks Uniform Code Study

A resolution recommending that the State of New York provide for a publicly sponsored and financed study of the proposed Uniform Commercial Code has been adopted by the Association of the Bar of the City of New York.

### Open Forum on Food Credit At 14th Midwest Conference

An open forum digest of food credit problems was a feature of the 14th annual midwest conference of the Food Manufacturers and Allied Lines, in Chicago. On the panel, with I. W. Graber, General Foods Sales Division, Chicago, as moderator, were M. A. Gehrke, Standard Brands, Inc., Chicago; C. P. Jones, Penick & Ford, Ltd., Inc., Cedar Rapids, Iowa; H. J. Peterson, Gerber Products Company, Fremont, Mich.; and A. A. Schirmer, American Sugar Refining Company, New York.

Addresses also were given by Paul F. Tevis, executive vice president, College Inn Food Products Company, on "Credit from the Sales Viewpoint;" E. T. Baughmann, assistant vice president, Federal Reserve Bank of Chicago, on "The Food Industry in the National Economy;" and Joseph T. Meek, president, Illinois Federation of Retail Associations, the luncheon speaker, on "Freedom to Fail."

Presiding was C. A. Larsen, The Quaker Oats Company, chairman of the conference committee. Other speakers: A. B. Reich, College Inn Food Products Company, Group chairman, Chicago association; E. E. Diehl, Westinghouse Electric Corporation, association vice president.

### Educational Program Expanded

The Rochester Association of Credit Men has widened its educational program under the National Institute of Credit. Three of the four courses for the Associate Award are being given this semester at the University School of the University of Rochester; the advance course in principles of credits and collections will start in the fall. Additional courses in the current semester leading to the Fellow Award cover contracts, sales and negotiable instruments, public speaking, fundamentals of selling, marketing, business conditions, money, credit and banking, financial management, advanced accounting and cost accounting.

### Henry H. Baeke Honored

Honorary life membership in the Lincoln (Neb.) Association of Credit Men has been voted Henry H. Baeke, past president, on completion of 39 years of activity for the association. Mr. Baeke has a record of the same number of years of affiliation with the Lincoln Drug Company, of which he is secretary. He joined the company in 1914 as credit manager, and eight years later became secretary. He is a past president of the association.

## CALENDAR OF EVENTS IMPORTANT TO CREDIT

### PITTSBURGH, PENNSYLVANIA

March 27-28

Regional Meeting on Credit Interchange Operations

### CLEVELAND, OHIO

March 27-28

Credit Research Foundation Annual Meeting and Workshop

### MONTREAL, QUE., CANADA

May 14-16

National Conference of Local Association Secretary-Managers

### MONTREAL, QUE., CANADA

May 17-21

57th Annual Credit Congress and Second International Convention. National Association of Credit Men and The Canadian Credit Men's Trust Association, Ltd.

### STANFORD UNIVERSITY

Palo Alto, California

July 5-18

Session of Graduate School of Credit and Financial Management

### DARTMOUTH COLLEGE

Hanover, New Hampshire

August 2-15

Session of Graduate School of Credit and Financial Management

### WINNIPEG, MAN., CANADA

September 18-19

Annual North Central Credit Con-

ference covering Minnesota, North and South Dakota, in cooperation with the Canadian Credit Men's Trust Assn., Ltd.

### KANSAS CITY, MISSOURI

September 23, 24, 25

Quad-State Annual Credit Conference, comprising Missouri, Kansas, Oklahoma and Southern Illinois

### CHICAGO, ILLINOIS

October 14

Illinois Annual Credit Conference

### NEW ORLEANS, LOUISIANA

October 14-15-16

All-South Credit Conference

### BALTIMORE, MARYLAND

October 22-24

Tri-State Credit Conference, comprising New Jersey, New York, Eastern Pennsylvania, District of Columbia, Maryland and Virginia

### NEW YORK, NEW YORK

November 2, 3, 4

American Petroleum Credit Association Conference

### WORCESTER, MASSACHUSETTS

November 3-4

Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont



# MANAGEMENT IN THE NEWS

## **A Former Warehouse Helper Heads Civic and Credit Units**

When E. C. Paxton joined the Dallas Power & Light Company in Texas in 1926 as a warehouse helper, this was the first step toward becoming credit manager of the company, a position he has held since 1935. He is past president of the Dallas Retail Credit Managers Association, and recently has been elected to two important jobs in rapidfire order. On January 6th he was chosen president of the South and East Dallas Chamber of Commerce, and on January 8th was elected president of the Dallas Wholesale Credit Managers Association.

ager, with supervision over purchasing and office operation. He has been vice president of the Worcester County Purchasing Agents Association and 1952-53 president of the Worcester County Association of Credit Men.

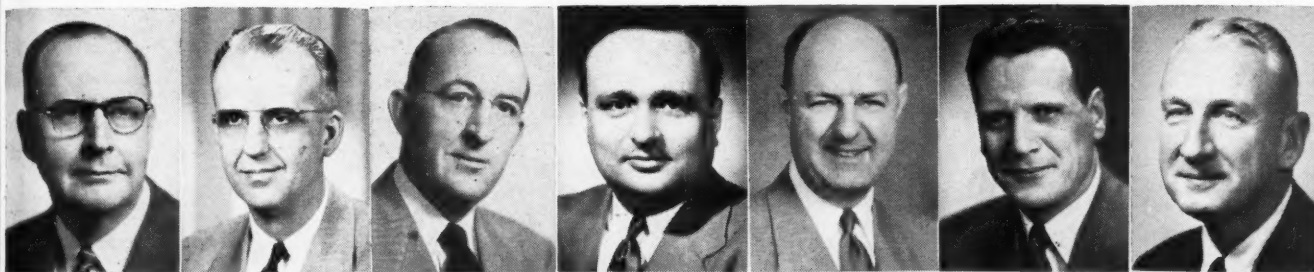
## **Wide Range of Activity Sets Stage for Service to Credit**

Born in Springfield, Mo., J. C. Acuff was graduated from Westminster College at Fulton (Mo.) with a B. A. degree, then attended the Graduate School of Credit and Financial Management at Dartmouth College. He was with the Phillips Petroleum Company three years,

now to the president's post. He is active in church, social and civic groups, and yet manages to exercise his hobby, photography.

## **Helped Form Institute Unit—Only One of Many Activities**

James H. Donovan has been in some form of credit work since the beginning of his business career. Starting with the Pittsburgh Gage & Supply Company, then secretary of the Pittsburgh Lumbermen's Club, he joined the Jones & Laughlin Steel Corporation (Pittsburgh) in 1929 and became manager of credits. In 1951 he was appointed assistant treasurer. His educational background well fits



E. C. PAXTON

W. F. HINK

H. P. ADAMS

P. C. MOELLERING

L. C. F. ROTHGEB

J. C. ACUFF

J. H. DONOVAN

## **Young Man Goes East, Heads Firm's Office-Credit Duties**

After 15 years on the West Coast with the Security First National Bank of Los Angeles, Walter Hink moved with his family to the Middle West and settled in Mansfield, Ohio, where he has been for the last ten years. Since 1946 he has been affiliated with the North American Knitting Company as office and credit manager. Mr. Hink has always been active in credit work, attested by his election to the presidency of the North Central Ohio Division of the National Association of Credit Men.

went to Jefferson City (Mo.) to become assistant secretary of the Home Building and Loan Association. In 1937 he was appointed chief clerk of the Bureau of Building and Loan Supervision, State of Missouri. Moving to Kansas City in 1941 he served as vice-president of the Swedish American Savings & Loan Association, and in 1944 joined the Butler Manufacturing Company in the accounting department. He became Credit Manager in 1946. Out of his many services to the credit fraternity, he is now president of the Kansas City Wholesale Credit Association.

him for his work, since he has a B.S. degree from the University of Pittsburgh School of Business Administration, attended the Graduate School of Credit and Financial Management for two years, and completed an eight-week course on Management Problems for Executives. Mr. Donovan helped establish the Pittsburgh Chapter of the National Institute of Credit in 1925, and has served on many committees. He is president of the Credit Association of Western Pennsylvania, and still finds time for gardening and photography.

## **Ties Night School to Shipping Job, Now Assistant Treasurer**

Obtaining his college degree the hard way by attending night school at Northeastern University while a shipping clerk at Stevens Walden, Inc., H. Parker Adams of Worcester, Mass., proceeded to couple his brief previous experience in sales at the American Steel and Wire Company with his newly acquired educational equipment, and advanced from the sales department of Stevens Walden to chief cost accountant, thence to assistant treasurer and credit man-

## **Young Man Goes West, Joins Supply Firm, Manages Credit**

Lester Rothgeb arrived in Denver, Colorado, in 1923 by way of Quincy, Illinois, and his business career started with the J. S. Brown Mercantile Company. In 1935 Mr. Rothgeb joined the staff of the Foster Auto Supply Company, and has been there since, with the exception of three and a half years spent in the Armed Forces. He now is credit manager. Members of the Rocky Mountain Association of Credit Men have advanced Mr. Rothgeb to the board, to a vice-presidency, and

## **Company President Is Active In Indiana State Legislature**

A leader and organizer, Paul C. Moellering, Fort Wayne, Ind., is president of the Moellering Supply Company and a member of the board of directors of the Miracle Chemical Corporation. Since 1943 he has been a member of the Indiana house of representatives, and is chairman of the "Little Hoover" Commission of his state. He is also a member of the board of the Allen County Polio Chapter. Mr. Moellering recently was elected to the presidency of the Fort Wayne Association of Credit Men, Inc.

# CREDIT AND FINANCIAL REPORTER

## □ Brief Items on Credit Activities and Meetings □

ATLANTA, GA.—C. Herbert Bradshaw, general credit manager, Bausch & Lomb Optical Co., Rochester, N.Y., and vice president, Eastern Division, N.A.C.M., was keynote speaker at the Fourth Annual Georgia Credit Clinic. At the series of seminars on successive weeks preceding the clinic, speakers included Leonard Berry, educational director, National Retail Credit Association of St. Louis; M. V. Johnston, general credit manager, Gulf Oil Corp., Pittsburgh; Paul M. Millians, vice president, Commercial Credit Company, Baltimore; L. W. Coggan, assistant territorial credit supervisor, Sears, Roebuck and Company; Mortimer J. Davis, executive vice president, New York Credit and Financial Management Association; and Dr. Carl D. Smith, director of education, N.A.C.M. In his address Mr. Bradshaw said that with the "domestic pattern of our economic lives contingent upon world events, the wise credit man will keep his receivables close to terms of sale and not allow himself to become vulnerable in the event of any slackening off of business activity."

CINCINNATI, OHIO—A series of weekly credit luncheon meetings of the Cincinnati Association of Credit Men presented diversified subjects, including "What to Look For in Year-End Statements," by James A. Nickerson, vice president, Trailmobile, Inc.; "Science and Your Food," Dr. George B. Garnatz, director, Kroger Food Foundation; "Story of the Diamond Business," Max Litwin, president, Litwin & Co.; and "Cincinnati Yesterday and Today," William R. Kellogg, city manager.

ERIE, PA.—At the membership meeting of the Erie Credit Executives Association, Henry Crossley, president, Crossley Co., reviewed the predictions made by a panel a year ago. A presentation on "The Outlook for 1953" followed, with these panel members: Earl Bonnell, Erie Steel Construction Co.; Robert Carlson, C. J. Miller Auto Supply Co.; Charlean Schleicher, Hubbs & Howe; Ruth M. Campbell,

Westinghouse Electric Supply Co.; F. Schleicher, Erie Dry Goods Co.; J. T. Heinlein, E. E. Austin & Son, and W. J. Flynn of the Bank of Erie. Cole Mallory of Wm. Irwin Arbuckle Co. was moderator.

PORTLAND, ORE.—"War's Leftovers" was the theme of Professor Clifford E. Maser, dean, school of business and technology, Oregon State College, before the monthly dinner meeting of the Portland Association of Credit Men.

SYRACUSE, N.Y.—Richard L. Tobin, author, newspaperman, war correspondent and radio commentator, addressed the Syracuse Association of Credit Men on "Issues Facing the New Administration."

ELMIRA, N.Y.—Alan L. Wehrheim, credit manager, Michael Stern & Co., Rochester, a director of the N.A.C.M., and past president of the Rochester Association of Credit Men, was guest speaker, on "What Should Be Done with the Marginal Credit Risk?"

PHILADELPHIA, PA.—Thomas H. Nelson, partner in Rogen Slade & Hill, management consultants, president of Executive Training, Inc., New York City, and member of the faculty of the Graduate School of Credit and Financial Management, Dartmouth College, addressed the Credit Men's Association of Eastern Pennsylvania on "Executive Development."

BALTIMORE, MD.—Robert R. Williams, Jr., vice president, Girard Trust Corn Exchange Bank, Philadelphia, addressed the Baltimore Association of Credit Men on "What Does Your Banker Need to Know about Your Business." Mr. Williams is chairman of the research committee of the Robert Morris Associates and was formerly assistant vice president of the Federal Reserve Bank of Philadelphia.

LINCOLN, NEB.—"Insurance Programs with Return to Extensions of Credit" provided the subject for an address by Dr. Curtis M. Elliott, department of insurance, University of Nebraska, before the Lincoln Association of Credit Men. B. G. Clark, Union Fire Insurance Company, was chairman.

DENVER, COLO.—At a joint luncheon of the Denver Chamber of Commerce and Rocky Mountain Association of Credit Men, Henry H. Heimann, executive vice president, N.A.C.M., spoke on "The Outlook for Business in 1953."

NEW ORLEANS, LA.—The Reverend Louis J. Twomey, S. J., director, Institute of Industrial Relations, Loyola University, addressed the credit executives of New Orleans on "Challenge of the Modern Crisis."

KALAMAZOO, MICH.—James P. Leddy, Better Business Bureau, South Bend, Ind., addressed the credit managers of southwestern Michigan on "How You Can Quit Work and Have a Good Time on Other People's Money."

SPRINGFIELD, MASS.—Dr. Carl D. Smith, director of education and credit research of the N.A.C.M., addressed the Western Massachusetts Association of Credit Men on "Credit Problems for 1953."

ST. LOUIS, MO.—In the auditorium of Magic Chef, Inc., under sponsorship of the St. Louis Chapter, National Institute of Credit, Russell R. Buchmann, C.P.A., Ernst & Ernst, addressed a forum on "Financial Statement Analysis (from the Accountant's and Credit Executive's Viewpoints)."



DIRECTING THE DESTINIES of the Alabama Association of Credit Executives are: seated (holding paper), J. W. Fitzpatrick, secretary, O'Neal Steel Works Co., reelected president; and W. C. Darby, renamed secretary-manager; standing (l to r), F. M. Battle, credit manager, Electrical Repair and Service Co., association treasurer; R. E. Bates, credit manager, The Ingalls Iron Works Co., vice president; with R. W. Patton, credit manager, Long-Lewis Hardware Co., an association director.